

**HOUSE BILL No. 2134**

By Committee on Taxation

2-4

1 AN ACT concerning sales taxation; relating to exemptions; nonprofit  
2 integrated community care organizations, definitions; amending K.S.A.  
3 2018 Supp. 79-3602 and 79-3606 and repealing the existing sections.  
4

5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2018 Supp. 79-3602 is hereby amended to read as  
7 follows: 79-3602. Except as otherwise provided, as used in the Kansas  
8 retailers' sales tax act:

9 (a) "Agent" means a person appointed by a seller to represent the  
10 seller before the member states.

11 (b) "Agreement" means the multistate agreement entitled the  
12 streamlined sales and use tax agreement approved by the streamlined sales  
13 tax implementing states at Chicago, Illinois on November 12, 2002.

14 (c) "Alcoholic beverages" means beverages that are suitable for  
15 human consumption and contain 0.05% or more of alcohol by volume.

16 (d) "Certified automated system (CAS)" means software certified  
17 under the agreement to calculate the tax imposed by each jurisdiction on a  
18 transaction, determine the amount of tax to remit to the appropriate state  
19 and maintain a record of the transaction.

20 (e) "Certified service provider (CSP)" means an agent certified under  
21 the agreement to perform all the seller's sales and use tax functions, other  
22 than the seller's obligation to remit tax on its own purchases.

23 (f) "Computer" means an electronic device that accepts information  
24 in digital or similar form and manipulates it for a result based on a  
25 sequence of instructions.

26 (g) "Computer software" means a set of coded instructions designed  
27 to cause a computer or automatic data processing equipment to perform a  
28 task.

29 (h) "Delivered electronically" means delivered to the purchaser by  
30 means other than tangible storage media.

31 (i) "Delivery charges" means charges by the seller of personal  
32 property or services for preparation and delivery to a location designated  
33 by the purchaser of personal property or services including, but not limited  
34 to, transportation, shipping, postage, handling, crating and packing.  
35 Delivery charges shall not include charges for delivery of direct mail if the  
36 charges are separately stated on an invoice or similar billing document

1 given to the purchaser.

2 (j) "Direct mail" means printed material delivered or distributed by  
3 United States mail or other delivery services to a mass audience or to  
4 addressees on a mailing list provided by the purchaser or at the direction of  
5 the purchaser when the cost of the items are not billed directly to the  
6 recipients. Direct mail includes tangible personal property supplied  
7 directly or indirectly by the purchaser to the direct mail seller for inclusion  
8 in the package containing the printed material. Direct mail does not  
9 include multiple items of printed material delivered to a single address.

10 (k) "Director" means the state director of taxation.

11 (l) "Educational institution" means any nonprofit school, college and  
12 university that offers education at a level above the 12<sup>th</sup> grade, and  
13 conducts regular classes and courses of study required for accreditation by,  
14 or membership in, the higher learning commission, the state board of  
15 education, or that otherwise qualify as an "educational institution," as  
16 defined by K.S.A. 74-50,103, and amendments thereto. Such phrase shall  
17 include: (1) A group of educational institutions that operates exclusively  
18 for an educational purpose; (2) nonprofit endowment associations and  
19 foundations organized and operated exclusively to receive, hold, invest  
20 and administer moneys and property as a permanent fund for the support  
21 and sole benefit of an educational institution; (3) nonprofit trusts,  
22 foundations and other entities organized and operated principally to hold  
23 and own receipts from intercollegiate sporting events and to disburse such  
24 receipts, as well as grants and gifts, in the interest of collegiate and  
25 intercollegiate athletic programs for the support and sole benefit of an  
26 educational institution; and (4) nonprofit trusts, foundations and other  
27 entities organized and operated for the primary purpose of encouraging,  
28 fostering and conducting scholarly investigations and industrial and other  
29 types of research for the support and sole benefit of an educational  
30 institution.

31 (m) "Electronic" means relating to technology having electrical,  
32 digital, magnetic, wireless, optical, electromagnetic or similar capabilities.

33 (n) "Food and food ingredients" means substances, whether in liquid,  
34 concentrated, solid, frozen, dried or dehydrated form, that are sold for  
35 ingestion or chewing by humans and are consumed for their taste or  
36 nutritional value. "Food and food ingredients" does not include alcoholic  
37 beverages or tobacco.

38 (o) "Gross receipts" means the total selling price or the amount  
39 received as defined in this act, in money, credits, property or other  
40 consideration valued in money from sales at retail within this state; and  
41 embraced within the provisions of this act. The taxpayer, may take credit  
42 in the report of gross receipts for: (1) An amount equal to the selling price  
43 of property returned by the purchaser when the full sale price thereof,

1 including the tax collected, is refunded in cash or by credit; and (2) an  
2 amount equal to the allowance given for the trade-in of property.

3 (p) "Ingredient or component part" means tangible personal property  
4 which is necessary or essential to, and which is actually used in and  
5 becomes an integral and material part of tangible personal property or  
6 services produced, manufactured or compounded for sale by the producer,  
7 manufacturer or compounder in its regular course of business. The  
8 following items of tangible personal property are hereby declared to be  
9 ingredients or component parts, but the listing of such property shall not be  
10 deemed to be exclusive nor shall such listing be construed to be a  
11 restriction upon, or an indication of, the type or types of property to be  
12 included within the definition of "ingredient or component part" as herein  
13 set forth:

14 (1) Containers, labels and shipping cases used in the distribution of  
15 property produced, manufactured or compounded for sale which are not to  
16 be returned to the producer, manufacturer or compounder for reuse.

17 (2) Containers, labels, shipping cases, paper bags, drinking straws,  
18 paper plates, paper cups, twine and wrapping paper used in the distribution  
19 and sale of property taxable under the provisions of this act by wholesalers  
20 and retailers and which is not to be returned to such wholesaler or retailer  
21 for reuse.

22 (3) Seeds and seedlings for the production of plants and plant  
23 products produced for resale.

24 (4) Paper and ink used in the publication of newspapers.

25 (5) Fertilizer used in the production of plants and plant products  
26 produced for resale.

27 (6) Feed for animals, fowl and aquatic plants and animals, the  
28 primary purpose of which is use in agriculture or aquaculture, as defined in  
29 K.S.A. 47-1901, and amendments thereto, the production of food for  
30 human consumption, the production of animal, dairy, poultry or aquatic  
31 plant and animal products, fiber, fur, or the production of offspring for use  
32 for any such purpose or purposes.

33 (q) "Isolated or occasional sale" means the nonrecurring sale of  
34 tangible personal property, or services taxable hereunder by a person not  
35 engaged at the time of such sale in the business of selling such property or  
36 services. Any religious organization which makes a nonrecurring sale of  
37 tangible personal property acquired for the purpose of resale shall be  
38 deemed to be not engaged at the time of such sale in the business of selling  
39 such property. Such term shall include: (1) Any sale by a bank, savings and  
40 loan institution, credit union or any finance company licensed under the  
41 provisions of the Kansas uniform consumer credit code of tangible  
42 personal property which has been repossessed by any such entity; and (2)  
43 any sale of tangible personal property made by an auctioneer or agent on

1   behalf of not more than two principals or households if such sale is  
2   nonrecurring and any such principal or household is not engaged at the  
3   time of such sale in the business of selling tangible personal property.

4   (r) "Lease or rental" means any transfer of possession or control of  
5   tangible personal property for a fixed or indeterminate term for  
6   consideration. A lease or rental may include future options to purchase or  
7   extend.

8   (1) Lease or rental does not include: (A) A transfer of possession or  
9   control of property under a security agreement or deferred payment plan  
10   that requires the transfer of title upon completion of the required  
11   payments;

12   (B) a transfer of possession or control of property under an agreement  
13   that requires the transfer of title upon completion of required payments and  
14   payment of an option price does not exceed the greater of \$100 or 1% of  
15   the total required payments; or

16   (C) providing tangible personal property along with an operator for a  
17   fixed or indeterminate period of time. A condition of this exclusion is that  
18   the operator is necessary for the equipment to perform as designed. For the  
19   purpose of this subsection, an operator must do more than maintain,  
20   inspect or set-up the tangible personal property.

21   (2) Lease or rental does include agreements covering motor vehicles  
22   and trailers where the amount of consideration may be increased or  
23   decreased by reference to the amount realized upon sale or disposition of  
24   the property as defined in 26 U.S.C. § 7701(h)(1).

25   (3) This definition shall be used for sales and use tax purposes  
26   regardless if a transaction is characterized as a lease or rental under  
27   generally accepted accounting principles, the internal revenue code, the  
28   uniform commercial code, K.S.A. 84-1-101 et seq., and amendments  
29   thereto, or other provisions of federal, state or local law.

30   (4) This definition will be applied only prospectively from the  
31   effective date of this act and will have no retroactive impact on existing  
32   leases or rentals.

33   (s) "Load and leave" means delivery to the purchaser by use of a  
34   tangible storage media where the tangible storage media is not physically  
35   transferred to the purchaser.

36   (t) "Member state" means a state that has entered in the agreement,  
37   pursuant to provisions of article VIII of the agreement.

38   (u) "Model 1 seller" means a seller that has selected a CSP as its  
39   agent to perform all the seller's sales and use tax functions, other than the  
40   seller's obligation to remit tax on its own purchases.

41   (v) "Model 2 seller" means a seller that has selected a CAS to  
42   perform part of its sales and use tax functions, but retains responsibility for  
43   remitting the tax.

1 (w) "Model 3 seller" means a seller that has sales in at least five  
2 member states, has total annual sales revenue of at least \$500,000,000, has  
3 a proprietary system that calculates the amount of tax due each jurisdiction  
4 and has entered into a performance agreement with the member states that  
5 establishes a tax performance standard for the seller. As used in this  
6 subsection a seller includes an affiliated group of sellers using the same  
7 proprietary system.

8 (x) "Municipal corporation" means any city incorporated under the  
9 laws of Kansas.

10 (y) "Nonprofit blood bank" means any nonprofit place, organization,  
11 institution or establishment that is operated wholly or in part for the  
12 purpose of obtaining, storing, processing, preparing for transfusing,  
13 furnishing, donating or distributing human blood or parts or fractions of  
14 single blood units or products derived from single blood units, whether or  
15 not any remuneration is paid therefor, or whether such procedures are done  
16 for direct therapeutic use or for storage for future use of such products.

17 (z) "Persons" means any individual, firm, copartnership, joint  
18 adventure, association, corporation, estate or trust, receiver or trustee, or  
19 any group or combination acting as a unit, and the plural as well as the  
20 singular number; and shall specifically mean any city or other political  
21 subdivision of the state of Kansas engaging in a business or providing a  
22 service specifically taxable under the provisions of this act.

23 (aa) "Political subdivision" means any municipality, agency or  
24 subdivision of the state which is, or shall hereafter be, authorized to levy  
25 taxes upon tangible property within the state or which certifies a levy to a  
26 municipality, agency or subdivision of the state which is, or shall hereafter  
27 be, authorized to levy taxes upon tangible property within the state. Such  
28 term also shall include any public building commission, housing, airport,  
29 port, metropolitan transit or similar authority established pursuant to law  
30 and the horsethief reservoir benefit district established pursuant to K.S.A.  
31 82a-2201, and amendments thereto.

32 (bb) "Prescription" means an order, formula or recipe issued in any  
33 form of oral, written, electronic or other means of transmission by a duly  
34 licensed practitioner authorized by the laws of this state.

35 (cc) "Prewritten computer software" means computer software,  
36 including prewritten upgrades, which is not designed and developed by the  
37 author or other creator to the specifications of a specific purchaser. The  
38 combining of two or more prewritten computer software programs or  
39 prewritten portions thereof does not cause the combination to be other than  
40 prewritten computer software. Prewritten computer software includes  
41 software designed and developed by the author or other creator to the  
42 specifications of a specific purchaser when it is sold to a person other than  
43 the purchaser. Where a person modifies or enhances computer software of

1 which the person is not the author or creator, the person shall be deemed to  
2 be the author or creator only of such person's modifications or  
3 enhancements. Prewritten computer software or a prewritten portion  
4 thereof that is modified or enhanced to any degree, where such  
5 modification or enhancement is designed and developed to the  
6 specifications of a specific purchaser, remains prewritten computer  
7 software, except that where there is a reasonable, separately stated charge  
8 or an invoice or other statement of the price given to the purchaser for  
9 such modification or enhancement, such modification or enhancement  
10 shall not constitute prewritten computer software.

11 (dd) "Property which is consumed" means tangible personal property  
12 which is essential or necessary to and which is used in the actual process  
13 of and consumed, depleted or dissipated within one year in: (1) The  
14 production, manufacture, processing, mining, drilling, refining or  
15 compounding of tangible personal property; (2) the providing of services;  
16 (3) the irrigation of crops, for sale in the regular course of business; or (4)  
17 the storage or processing of grain by a public grain warehouse or other  
18 grain storage facility, and which is not reusable for such purpose. The  
19 following is a listing of tangible personal property, included by way of  
20 illustration but not of limitation, which qualifies as property which is  
21 consumed:

22 (A) Insecticides, herbicides, germicides, pesticides, fungicides,  
23 fumigants, antibiotics, biologicals, pharmaceuticals, vitamins and  
24 chemicals for use in commercial or agricultural production, processing or  
25 storage of fruit, vegetables, feeds, seeds, grains, animals or animal  
26 products whether fed, injected, applied, combined with or otherwise used;

27 (B) electricity, gas and water; and

28 (C) petroleum products, lubricants, chemicals, solvents, reagents and  
29 catalysts.

30 (ee) "Purchase price" applies to the measure subject to use tax and  
31 has the same meaning as sales price.

32 (ff) "Purchaser" means a person to whom a sale of personal property  
33 is made or to whom a service is furnished.

34 (gg) "Quasi-municipal corporation" means any county, township,  
35 school district, drainage district or any other governmental subdivision in  
36 the state of Kansas having authority to receive or hold moneys or funds.

37 (hh) "Registered under this agreement" means registration by a seller  
38 with the member states under the central registration system provided in  
39 article IV of the agreement.

40 (ii) "Retailer" means a seller regularly engaged in the business of  
41 selling, leasing or renting tangible personal property at retail or furnishing  
42 electrical energy, gas, water, services or entertainment, and selling only to  
43 the user or consumer and not for resale.

1 (jj) "Retail sale" or "sale at retail" means any sale, lease or rental for  
2 any purpose other than for resale, sublease or subrent.

3 (kk) "Sale" or "sales" means the exchange of tangible personal  
4 property, as well as the sale thereof for money, and every transaction,  
5 conditional or otherwise, for a consideration, constituting a sale, including  
6 the sale or furnishing of electrical energy, gas, water, services or  
7 entertainment taxable under the terms of this act and including, except as  
8 provided in the following provision, the sale of the use of tangible personal  
9 property by way of a lease, license to use or the rental thereof regardless of  
10 the method by which the title, possession or right to use the tangible  
11 personal property is transferred. The term "sale" or "sales" shall not mean  
12 the sale of the use of any tangible personal property used as a dwelling by  
13 way of a lease or rental thereof for a term of more than 28 consecutive  
14 days.

15 (ll) (1) "Sales or selling price" applies to the measure subject to sales  
16 tax and means the total amount of consideration, including cash, credit,  
17 property and services, for which personal property or services are sold,  
18 leased or rented, valued in money, whether received in money or  
19 otherwise, without any deduction for the following:

20 (A) The seller's cost of the property sold;

21 (B) the cost of materials used, labor or service cost, interest, losses,  
22 all costs of transportation to the seller, all taxes imposed on the seller and  
23 any other expense of the seller;

24 (C) charges by the seller for any services necessary to complete the  
25 sale, other than delivery and installation charges;

26 (D) delivery charges; and

27 (E) installation charges.

28 (2) "Sales or selling price" includes consideration received by the  
29 seller from third parties if:

30 (A) The seller actually receives consideration from a party other than  
31 the purchaser and the consideration is directly related to a price reduction  
32 or discount on the sale;

33 (B) the seller has an obligation to pass the price reduction or discount  
34 through to the purchaser;

35 (C) the amount of the consideration attributable to the sale is fixed  
36 and determinable by the seller at the time of the sale of the item to the  
37 purchaser; and

38 (D) one of the following criteria is met:

39 (i) The purchaser presents a coupon, certificate or other  
40 documentation to the seller to claim a price reduction or discount where  
41 the coupon, certificate or documentation is authorized, distributed or  
42 granted by a third party with the understanding that the third party will  
43 reimburse any seller to whom the coupon, certificate or documentation is

1 presented;

2 (ii) the purchaser identifies to the seller that the purchaser is a  
3 member of a group or organization entitled to a price reduction or  
4 discount. A preferred customer card that is available to any patron does not  
5 constitute membership in such a group; or

6 (iii) the price reduction or discount is identified as a third party price  
7 reduction or discount on the invoice received by the purchaser or on a  
8 coupon, certificate or other documentation presented by the purchaser.

9 (3) "Sales or selling price" shall not include:

10 (A) Discounts, including cash, term or coupons that are not  
11 reimbursed by a third party that are allowed by a seller and taken by a  
12 purchaser on a sale;

13 (B) interest, financing and carrying charges from credit extended on  
14 the sale of personal property or services, if the amount is separately stated  
15 on the invoice, bill of sale or similar document given to the purchaser;

16 (C) any taxes legally imposed directly on the consumer that are  
17 separately stated on the invoice, bill of sale or similar document given to  
18 the purchaser;

19 (D) the amount equal to the allowance given for the trade-in of  
20 property, if separately stated on the invoice, billing or similar document  
21 given to the purchaser; and

22 (E) commencing on July 1, 2018, and ending on June 30, 2021, cash  
23 rebates granted by a manufacturer to a purchaser or lessee of a new motor  
24 vehicle if paid directly to the retailer as a result of the original sale.

25 (mm) "Seller" means a person making sales, leases or rentals of  
26 personal property or services.

27 (nn) "Service" means those services described in and taxed under the  
28 provisions of K.S.A. 79-3603, and amendments thereto.

29 (oo) "Sourcing rules" means the rules set forth in K.S.A. 2018 Supp.  
30 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments  
31 thereto, which shall apply to identify and determine the state and local  
32 taxing jurisdiction sales or use taxes to pay, or collect and remit on a  
33 particular retail sale.

34 (pp) "Tangible personal property" means personal property that can  
35 be seen, weighed, measured, felt or touched, or that is in any other manner  
36 perceptible to the senses. Tangible personal property includes electricity,  
37 water, gas, steam and prewritten computer software.

38 (qq) "Taxpayer" means any person obligated to account to the  
39 director for taxes collected under the terms of this act.

40 (rr) "Tobacco" means cigarettes, cigars, chewing or pipe tobacco or  
41 any other item that contains tobacco.

42 (ss) "Entity-based exemption" means an exemption based on who  
43 purchases the product or who sells the product. An exemption that is



1 available to all individuals shall not be considered an entity-based  
2 exemption.

3 (tt) "Over-the-counter drug" means a drug that contains a label that  
4 identifies the product as a drug as required by 21 C.F.R. § 201.66. The  
5 over-the-counter drug label includes: (1) A drug facts panel; or (2) a  
6 statement of the active ingredients with a list of those ingredients  
7 contained in the compound, substance or preparation. Over-the-counter  
8 drugs do not include grooming and hygiene products such as soaps,  
9 cleaning solutions, shampoo, toothpaste, antiperspirants and sun tan  
10 lotions and screens.

11 (uu) "Ancillary services" means services that are associated with or  
12 incidental to the provision of telecommunications services, including, but  
13 not limited to, detailed telecommunications billing, directory assistance,  
14 vertical service and voice mail services.

15 (vv) "Conference bridging service" means an ancillary service that  
16 links two or more participants of an audio or video conference call and  
17 may include the provision of a telephone number. Conference bridging  
18 service does not include the telecommunications services used to reach the  
19 conference bridge.

20 (ww) "Detailed telecommunications billing service" means an  
21 ancillary service of separately stating information pertaining to individual  
22 calls on a customer's billing statement.

23 (xx) "Directory assistance" means an ancillary service of providing  
24 telephone number information or address information, or both.

25 (yy) "Vertical service" means an ancillary service that is offered in  
26 connection with one or more telecommunications services, which offers  
27 advanced calling features that allow customers to identify callers and to  
28 manage multiple calls and call connections, including conference bridging  
29 services.

30 (zz) "Voice mail service" means an ancillary service that enables the  
31 customer to store, send or receive recorded messages. Voice mail service  
32 does not include any vertical services that the customer may be required to  
33 have in order to utilize the voice mail service.

34 (aaa) "Telecommunications service" means the electronic  
35 transmission, conveyance or routing of voice, data, audio, video or any  
36 other information or signals to a point, or between or among points. The  
37 term telecommunications service includes such transmission, conveyance  
38 or routing in which computer processing applications are used to act on the  
39 form, code or protocol of the content for purposes of transmissions,  
40 conveyance or routing without regard to whether such service is referred to  
41 as voice over internet protocol services or is classified by the federal  
42 communications commission as enhanced or value added.  
43 Telecommunications service does not include:

1 (1) Data processing and information services that allow data to be  
2 generated, acquired, stored, processed or retrieved and delivered by an  
3 electronic transmission to a purchaser where such purchaser's primary  
4 purpose for the underlying transaction is the processed data or  
5 information;

6 (2) installation or maintenance of wiring or equipment on a  
7 customer's premises;

8 (3) tangible personal property;

9 (4) advertising, including, but not limited to, directory advertising;

10 (5) billing and collection services provided to third parties;

11 (6) internet access service;

12 (7) radio and television audio and video programming services,  
13 regardless of the medium, including the furnishing of transmission,  
14 conveyance and routing of such services by the programming service  
15 provider. Radio and television audio and video programming services shall  
16 include, but not be limited to, cable service as defined in 47 U.S.C. §  
17 522(6) and audio and video programming services delivered by  
18 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

19 (8) ancillary services; or

20 (9) digital products delivered electronically, including, but not limited  
21 to, software, music, video, reading materials or ring tones.

22 (bbb) "800 service" means a telecommunications service that allows a  
23 caller to dial a toll-free number without incurring a charge for the call. The  
24 service is typically marketed under the name 800, 855, 866, 877 and 888  
25 toll-free calling, and any subsequent numbers designated by the federal  
26 communications commission.

27 (ccc) "900 service" means an inbound toll telecommunications  
28 service purchased by a subscriber that allows the subscriber's customers to  
29 call in to the subscriber's prerecorded announcement or live service. 900  
30 service does not include the charge for collection services provided by the  
31 seller of the telecommunications services to the subscriber, or service or  
32 product sold by the subscriber to the subscriber's customer. The service is  
33 typically marketed under the name 900 service, and any subsequent  
34 numbers designated by the federal communications commission.

35 (ddd) "Value-added non-voice data service" means a service that  
36 otherwise meets the definition of telecommunications services in which  
37 computer processing applications are used to act on the form, content,  
38 code or protocol of the information or data primarily for a purpose other  
39 than transmission, conveyance or routing.

40 (eee) "International" means a telecommunications service that  
41 originates or terminates in the United States and terminates or originates  
42 outside the United States, respectively. United States includes the District  
43 of Columbia or a U.S. territory or possession.

1 (fff) "Interstate" means a telecommunications service that originates  
2 in one United States state, or a United States territory or possession, and  
3 terminates in a different United States state or a United States territory or  
4 possession.

5 (ggg) "Intrastate" means a telecommunications service that originates  
6 in one United States state or a United States territory or possession, and  
7 terminates in the same United States state or a United States territory or  
8 possession.

9 (*hhh*) "*Nonprofit integrated community care organization*" means an  
10 entity that is: (1) Exempt from federal income taxation pursuant to section  
11 501(c)(3) of the federal internal revenue code of 1986; (2) certified to  
12 participate in the medicare program as a hospice under 42 C.F.R. § 418 et  
13 seq., and amendments thereto, and focused on providing care to the aging  
14 and indigent population at home and through inpatient care, adult daycare  
15 or assisted living facilities, and related facilities and services across  
16 multiple counties; and (3) approved by the Kansas department for aging  
17 and disability services as an organization providing services under the  
18 program of all-inclusive care for the elderly as defined in 42 U.S.C. §  
19 1396u-4 and its implementing regulations.

20 Sec. 2. K.S.A. 2018 Supp. 79-3606 is hereby amended to read as  
21 follows: 79-3606. The following shall be exempt from the tax imposed by  
22 this act:

23 (a) All sales of motor-vehicle fuel or other articles upon which a sales  
24 or excise tax has been paid, not subject to refund, under the laws of this  
25 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-  
26 3301, and amendments thereto, including consumable material for such  
27 electronic cigarettes, cereal malt beverages and malt products as defined  
28 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,  
29 malt syrup and malt extract, that is not subject to taxation under the  
30 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles  
31 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed  
32 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and  
33 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments  
34 thereto, and gross receipts from regulated sports contests taxed pursuant to  
35 the Kansas professional regulated sports act, and amendments thereto;

36 (b) all sales of tangible personal property or service, including the  
37 renting and leasing of tangible personal property, purchased directly by the  
38 state of Kansas, a political subdivision thereof, other than a school or  
39 educational institution; or purchased by a public or private nonprofit  
40 hospital or public hospital authority or nonprofit blood, tissue or organ  
41 bank, or *nonprofit integrated community care organization* and used  
42 exclusively for state, political subdivision, hospital or public hospital  
43 authority or nonprofit blood, tissue or organ bank, or *nonprofit integrated*

1 *community care organization* purposes, except when: (1) Such state,  
2 hospital or public hospital authority is engaged or proposes to engage in  
3 any business specifically taxable under the provisions of this act and such  
4 items of tangible personal property or service are used or proposed to be  
5 used in such business; or (2) such political subdivision is engaged or  
6 proposes to engage in the business of furnishing gas, electricity or heat to  
7 others and such items of personal property or service are used or proposed  
8 to be used in such business;

9 (c) all sales of tangible personal property or services, including the  
10 renting and leasing of tangible personal property, purchased directly by a  
11 public or private elementary or secondary school or public or private  
12 nonprofit educational institution and used primarily by such school or  
13 institution for nonsectarian programs and activities provided or sponsored  
14 by such school or institution or in the erection, repair or enlargement of  
15 buildings to be used for such purposes. The exemption herein provided  
16 shall not apply to erection, construction, repair, enlargement or equipment  
17 of buildings used primarily for human habitation;

18 (d) all sales of tangible personal property or services purchased by a  
19 contractor for the purpose of constructing, equipping, reconstructing,  
20 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
21 any public or private nonprofit hospital or public hospital authority, public  
22 or private elementary or secondary school, a public or private nonprofit  
23 educational institution, state correctional institution including a privately  
24 constructed correctional institution contracted for state use and ownership,  
25 that would be exempt from taxation under the provisions of this act if  
26 purchased directly by such hospital or public hospital authority, school,  
27 educational institution or a state correctional institution; and all sales of  
28 tangible personal property or services purchased by a contractor for the  
29 purpose of constructing, equipping, reconstructing, maintaining, repairing,  
30 enlarging, furnishing or remodeling facilities for any political subdivision  
31 of the state or district described in subsection (s), the total cost of which is  
32 paid from funds of such political subdivision or district and that would be  
33 exempt from taxation under the provisions of this act if purchased directly  
34 by such political subdivision or district. Nothing in this subsection or in  
35 the provisions of K.S.A. 12-3418, and amendments thereto, shall be  
36 deemed to exempt the purchase of any construction machinery, equipment  
37 or tools used in the constructing, equipping, reconstructing, maintaining,  
38 repairing, enlarging, furnishing or remodeling facilities for any political  
39 subdivision of the state or any such district. As used in this subsection,  
40 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a  
41 political subdivision" shall mean general tax revenues, the proceeds of any  
42 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the  
43 purpose of constructing, equipping, reconstructing, repairing, enlarging,

1 furnishing or remodeling facilities that are to be leased to the donor. When  
2 any political subdivision of the state, district described in subsection (s),  
3 public or private nonprofit hospital or public hospital authority, public or  
4 private elementary or secondary school, public or private nonprofit  
5 educational institution, state correctional institution including a privately  
6 constructed correctional institution contracted for state use and ownership  
7 shall contract for the purpose of constructing, equipping, reconstructing,  
8 maintaining, repairing, enlarging, furnishing or remodeling facilities, it  
9 shall obtain from the state and furnish to the contractor an exemption  
10 certificate for the project involved, and the contractor may purchase  
11 materials for incorporation in such project. The contractor shall furnish the  
12 number of such certificate to all suppliers from whom such purchases are  
13 made, and such suppliers shall execute invoices covering the same bearing  
14 the number of such certificate. Upon completion of the project the  
15 contractor shall furnish to the political subdivision, district described in  
16 subsection (s), hospital or public hospital authority, school, educational  
17 institution or department of corrections concerned a sworn statement, on a  
18 form to be provided by the director of taxation, that all purchases so made  
19 were entitled to exemption under this subsection. As an alternative to the  
20 foregoing procedure, any such contracting entity may apply to the  
21 secretary of revenue for agent status for the sole purpose of issuing and  
22 furnishing project exemption certificates to contractors pursuant to rules  
23 and regulations adopted by the secretary establishing conditions and  
24 standards for the granting and maintaining of such status. All invoices  
25 shall be held by the contractor for a period of five years and shall be  
26 subject to audit by the director of taxation. If any materials purchased  
27 under such a certificate are found not to have been incorporated in the  
28 building or other project or not to have been returned for credit or the sales  
29 or compensating tax otherwise imposed upon such materials that will not  
30 be so incorporated in the building or other project reported and paid by  
31 such contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
32 month following the close of the month in which it shall be determined  
33 that such materials will not be used for the purpose for which such  
34 certificate was issued, the political subdivision, district described in  
35 subsection (s), hospital or public hospital authority, school, educational  
36 institution or the contractor contracting with the department of corrections  
37 for a correctional institution concerned shall be liable for tax on all  
38 materials purchased for the project, and upon payment thereof it may  
39 recover the same from the contractor together with reasonable attorney  
40 fees. Any contractor or any agent, employee or subcontractor thereof, who  
41 shall use or otherwise dispose of any materials purchased under such a  
42 certificate for any purpose other than that for which such a certificate is  
43 issued without the payment of the sales or compensating tax otherwise

1 imposed upon such materials, shall be guilty of a misdemeanor and, upon  
2 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
3 79-3615(h), and amendments thereto;

4 (e) all sales of tangible personal property or services purchased by a  
5 contractor for the erection, repair or enlargement of buildings or other  
6 projects for the government of the United States, its agencies or  
7 instrumentalities, that would be exempt from taxation if purchased directly  
8 by the government of the United States, its agencies or instrumentalities.  
9 When the government of the United States, its agencies or  
10 instrumentalities shall contract for the erection, repair, or enlargement of  
11 any building or other project, it shall obtain from the state and furnish to  
12 the contractor an exemption certificate for the project involved, and the  
13 contractor may purchase materials for incorporation in such project. The  
14 contractor shall furnish the number of such certificates to all suppliers  
15 from whom such purchases are made, and such suppliers shall execute  
16 invoices covering the same bearing the number of such certificate. Upon  
17 completion of the project the contractor shall furnish to the government of  
18 the United States, its agencies or instrumentalities concerned a sworn  
19 statement, on a form to be provided by the director of taxation, that all  
20 purchases so made were entitled to exemption under this subsection. As an  
21 alternative to the foregoing procedure, any such contracting entity may  
22 apply to the secretary of revenue for agent status for the sole purpose of  
23 issuing and furnishing project exemption certificates to contractors  
24 pursuant to rules and regulations adopted by the secretary establishing  
25 conditions and standards for the granting and maintaining of such status.  
26 All invoices shall be held by the contractor for a period of five years and  
27 shall be subject to audit by the director of taxation. Any contractor or any  
28 agent, employee or subcontractor thereof, who shall use or otherwise  
29 dispose of any materials purchased under such a certificate for any purpose  
30 other than that for which such a certificate is issued without the payment  
31 of the sales or compensating tax otherwise imposed upon such materials,  
32 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
33 subject to the penalties provided for in K.S.A. 79-3615(h), and  
34 amendments thereto;

35 (f) tangible personal property purchased by a railroad or public utility  
36 for consumption or movement directly and immediately in interstate  
37 commerce;

38 (g) sales of aircraft including remanufactured and modified aircraft  
39 sold to persons using directly or through an authorized agent such aircraft  
40 as certified or licensed carriers of persons or property in interstate or  
41 foreign commerce under authority of the laws of the United States or any  
42 foreign government or sold to any foreign government or agency or  
43 instrumentality of such foreign government and all sales of aircraft for use

1 outside of the United States and sales of aircraft repair, modification and  
2 replacement parts and sales of services employed in the remanufacture,  
3 modification and repair of aircraft;

4 (h) all rentals of nonsectarian textbooks by public or private  
5 elementary or secondary schools;

6 (i) the lease or rental of all films, records, tapes, or any type of sound  
7 or picture transcriptions used by motion picture exhibitors;

8 (j) meals served without charge or food used in the preparation of  
9 such meals to employees of any restaurant, eating house, dining car, hotel,  
10 drugstore or other place where meals or drinks are regularly sold to the  
11 public if such employees' duties are related to the furnishing or sale of  
12 such meals or drinks;

13 (k) any motor vehicle, semitrailer or pole trailer, as such terms are  
14 defined by K.S.A. 8-126, and amendments thereto, or aircraft sold and  
15 delivered in this state to a bona fide resident of another state, which motor  
16 vehicle, semitrailer, pole trailer or aircraft is not to be registered or based  
17 in this state and which vehicle, semitrailer, pole trailer or aircraft will not  
18 remain in this state more than 10 days;

19 (l) all isolated or occasional sales of tangible personal property,  
20 services, substances or things, except isolated or occasional sale of motor  
21 vehicles specifically taxed under the provisions of K.S.A. 79-3603(o), and  
22 amendments thereto;

23 (m) all sales of tangible personal property that become an ingredient  
24 or component part of tangible personal property or services produced,  
25 manufactured or compounded for ultimate sale at retail within or without  
26 the state of Kansas; and any such producer, manufacturer or compounder  
27 may obtain from the director of taxation and furnish to the supplier an  
28 exemption certificate number for tangible personal property for use as an  
29 ingredient or component part of the property or services produced,  
30 manufactured or compounded;

31 (n) all sales of tangible personal property that is consumed in the  
32 production, manufacture, processing, mining, drilling, refining or  
33 compounding of tangible personal property, the treating of by-products or  
34 wastes derived from any such production process, the providing of  
35 services or the irrigation of crops for ultimate sale at retail within or  
36 without the state of Kansas; and any purchaser of such property may  
37 obtain from the director of taxation and furnish to the supplier an  
38 exemption certificate number for tangible personal property for  
39 consumption in such production, manufacture, processing, mining,  
40 drilling, refining, compounding, treating, irrigation and in providing such  
41 services;

42 (o) all sales of animals, fowl and aquatic plants and animals, the  
43 primary purpose of which is use in agriculture or aquaculture, as defined in

1 K.S.A. 47-1901, and amendments thereto, the production of food for  
2 human consumption, the production of animal, dairy, poultry or aquatic  
3 plant and animal products, fiber or fur, or the production of offspring for  
4 use for any such purpose or purposes;

5 (p) all sales of drugs dispensed pursuant to a prescription order by a  
6 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
7 1626, and amendments thereto. As used in this subsection, "drug" means a  
8 compound, substance or preparation and any component of a compound,  
9 substance or preparation, other than food and food ingredients, dietary  
10 supplements or alcoholic beverages, recognized in the official United  
11 States pharmacopeia, official homeopathic pharmacopoeia of the United  
12 States or official national formulary, and supplement to any of them,  
13 intended for use in the diagnosis, cure, mitigation, treatment or prevention  
14 of disease or intended to affect the structure or any function of the body,  
15 except that for taxable years commencing after December 31, 2013, this  
16 subsection shall not apply to any sales of drugs used in the performance or  
17 induction of an abortion, as defined in K.S.A. 65-6701, and amendments  
18 thereto;

19 (q) all sales of insulin dispensed by a person licensed by the state  
20 board of pharmacy to a person for treatment of diabetes at the direction of  
21 a person licensed to practice medicine by the state board of healing arts;

22 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,  
23 enteral feeding systems, prosthetic devices and mobility enhancing  
24 equipment prescribed in writing by a person licensed to practice the  
25 healing arts, dentistry or optometry, and in addition to such sales, all sales  
26 of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto,  
27 and repair and replacement parts therefor, including batteries, by a person  
28 licensed in the practice of dispensing and fitting hearing aids pursuant to  
29 the provisions of K.S.A. 74-5808, and amendments thereto. For the  
30 purposes of this subsection: (1) "Mobility enhancing equipment" means  
31 equipment including repair and replacement parts to same, but does not  
32 include durable medical equipment, which is primarily and customarily  
33 used to provide or increase the ability to move from one place to another  
34 and which is appropriate for use either in a home or a motor vehicle; is not  
35 generally used by persons with normal mobility; and does not include any  
36 motor vehicle or equipment on a motor vehicle normally provided by a  
37 motor vehicle manufacturer; and (2) "prosthetic device" means a  
38 replacement, corrective or supportive device including repair and  
39 replacement parts for same worn on or in the body to artificially replace a  
40 missing portion of the body, prevent or correct physical deformity or  
41 malfunction or support a weak or deformed portion of the body;

42 (s) except as provided in K.S.A. 2018 Supp. 82a-2101, and  
43 amendments thereto, all sales of tangible personal property or services



1 purchased directly or indirectly by a groundwater management district  
2 organized or operating under the authority of K.S.A. 82a-1020 et seq., and  
3 amendments thereto, by a rural water district organized or operating under  
4 the authority of K.S.A. 82a-612, and amendments thereto, or by a water  
5 supply district organized or operating under the authority of K.S.A. 19-  
6 3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto, which  
7 property or services are used in the construction activities, operation or  
8 maintenance of the district;

9 (t) all sales of farm machinery and equipment or aquaculture  
10 machinery and equipment, repair and replacement parts therefor and  
11 services performed in the repair and maintenance of such machinery and  
12 equipment. For the purposes of this subsection the term "farm machinery  
13 and equipment or aquaculture machinery and equipment" shall include a  
14 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments  
15 thereto, and is equipped with a bed or cargo box for hauling materials, and  
16 shall also include machinery and equipment used in the operation of  
17 Christmas tree farming but shall not include any passenger vehicle, truck,  
18 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as  
19 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm  
20 machinery and equipment" includes precision farming equipment that is  
21 portable or is installed or purchased to be installed on farm machinery and  
22 equipment. "Precision farming equipment" includes the following items  
23 used only in computer-assisted farming, ranching or aquaculture  
24 production operations: Soil testing sensors, yield monitors, computers,  
25 monitors, software, global positioning and mapping systems, guiding  
26 systems, modems, data communications equipment and any necessary  
27 mounting hardware, wiring and antennas. Each purchaser of farm  
28 machinery and equipment or aquaculture machinery and equipment  
29 exempted herein must certify in writing on the copy of the invoice or sales  
30 ticket to be retained by the seller that the farm machinery and equipment  
31 or aquaculture machinery and equipment purchased will be used only in  
32 farming, ranching or aquaculture production. Farming or ranching shall  
33 include the operation of a feedlot and farm and ranch work for hire and the  
34 operation of a nursery;

35 (u) all leases or rentals of tangible personal property used as a  
36 dwelling if such tangible personal property is leased or rented for a period  
37 of more than 28 consecutive days;

38 (v) all sales of tangible personal property to any contractor for use in  
39 preparing meals for delivery to homebound elderly persons over 60 years  
40 of age and to homebound disabled persons or to be served at a group-  
41 sitting at a location outside of the home to otherwise homebound elderly  
42 persons over 60 years of age and to otherwise homebound disabled  
43 persons, as all or part of any food service project funded in whole or in

1 part by government or as part of a private nonprofit food service project  
2 available to all such elderly or disabled persons residing within an area of  
3 service designated by the private nonprofit organization, and all sales of  
4 tangible personal property for use in preparing meals for consumption by  
5 indigent or homeless individuals whether or not such meals are consumed  
6 at a place designated for such purpose, and all sales of food products by or  
7 on behalf of any such contractor or organization for any such purpose;

8 (w) all sales of natural gas, electricity, heat and water delivered  
9 through mains, lines or pipes: (1) To residential premises for  
10 noncommercial use by the occupant of such premises; (2) for agricultural  
11 use and also, for such use, all sales of propane gas; (3) for use in the  
12 severing of oil; and (4) to any property which is exempt from property  
13 taxation pursuant to K.S.A. 79-201b, *Second* through *Sixth*. As used in this  
14 paragraph, "severing" means the same as defined in K.S.A. 79-4216(k),  
15 and amendments thereto. For all sales of natural gas, electricity and heat  
16 delivered through mains, lines or pipes pursuant to the provisions of  
17 subsection (w)(1) and (w)(2), the provisions of this subsection shall expire  
18 on December 31, 2005;

19 (x) all sales of propane gas, LP-gas, coal, wood and other fuel sources  
20 for the production of heat or lighting for noncommercial use of an  
21 occupant of residential premises occurring prior to January 1, 2006;

22 (y) all sales of materials and services used in the repairing, servicing,  
23 altering, maintaining, manufacturing, remanufacturing, or modification of  
24 railroad rolling stock for use in interstate or foreign commerce under  
25 authority of the laws of the United States;

26 (z) all sales of tangible personal property and services purchased  
27 directly by a port authority or by a contractor therefor as provided by the  
28 provisions of K.S.A. 12-3418, and amendments thereto;

29 (aa) all sales of materials and services applied to equipment that is  
30 transported into the state from without the state for repair, service,  
31 alteration, maintenance, remanufacture or modification and that is  
32 subsequently transported outside the state for use in the transmission of  
33 liquids or natural gas by means of pipeline in interstate or foreign  
34 commerce under authority of the laws of the United States;

35 (bb) all sales of used mobile homes or manufactured homes. As used  
36 in this subsection: (1) "Mobile homes" and "manufactured homes" mean  
37 the same as defined in K.S.A. 58-4202, and amendments thereto; and (2)  
38 "sales of used mobile homes or manufactured homes" means sales other  
39 than the original retail sale thereof;

40 (cc) all sales of tangible personal property or services purchased prior  
41 to January 1, 2012, except as otherwise provided, for the purpose of and in  
42 conjunction with constructing, reconstructing, enlarging or remodeling a  
43 business or retail business that meets the requirements established in

1 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of  
2 machinery and equipment purchased for installation at any such business  
3 or retail business, and all sales of tangible personal property or services  
4 purchased on or after January 1, 2012, for the purpose of and in  
5 conjunction with constructing, reconstructing, enlarging or remodeling a  
6 business that meets the requirements established in K.S.A. 74-50,115(e),  
7 and amendments thereto, and the sale and installation of machinery and  
8 equipment purchased for installation at any such business. When a person  
9 shall contract for the construction, reconstruction, enlargement or  
10 remodeling of any such business or retail business, such person shall  
11 obtain from the state and furnish to the contractor an exemption certificate  
12 for the project involved, and the contractor may purchase materials,  
13 machinery and equipment for incorporation in such project. The contractor  
14 shall furnish the number of such certificates to all suppliers from whom  
15 such purchases are made, and such suppliers shall execute invoices  
16 covering the same bearing the number of such certificate. Upon  
17 completion of the project the contractor shall furnish to the owner of the  
18 business or retail business a sworn statement, on a form to be provided by  
19 the director of taxation, that all purchases so made were entitled to  
20 exemption under this subsection. All invoices shall be held by the  
21 contractor for a period of five years and shall be subject to audit by the  
22 director of taxation. Any contractor or any agent, employee or  
23 subcontractor thereof, who shall use or otherwise dispose of any materials,  
24 machinery or equipment purchased under such a certificate for any  
25 purpose other than that for which such a certificate is issued without the  
26 payment of the sales or compensating tax otherwise imposed thereon, shall  
27 be guilty of a misdemeanor and, upon conviction therefor, shall be subject  
28 to the penalties provided for in K.S.A. 79-3615(h), and amendments  
29 thereto. As used in this subsection, "business" and "retail business" mean  
30 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project  
31 exemption certificates that have been previously issued under this  
32 subsection by the department of revenue pursuant to K.S.A. 74-50,115,  
33 and amendments thereto, but not including K.S.A. 74-50,115(e), and  
34 amendments thereto, prior to January 1, 2012, and have not expired will be  
35 effective for the term of the project or two years from the effective date of  
36 the certificate, whichever occurs earlier. Project exemption certificates that  
37 are submitted to the department of revenue prior to January 1, 2012, and  
38 are found to qualify will be issued a project exemption certificate that will  
39 be effective for a two-year period or for the term of the project, whichever  
40 occurs earlier;

41 (dd) all sales of tangible personal property purchased with food  
42 stamps issued by the United States department of agriculture;

43 (ee) all sales of lottery tickets and shares made as part of a lottery

1 operated by the state of Kansas;

2 (ff) on and after July 1, 1988, all sales of new mobile homes or  
3 manufactured homes to the extent of 40% of the gross receipts, determined  
4 without regard to any trade-in allowance, received from such sale. As used  
5 in this subsection, "mobile homes" and "manufactured homes" mean the  
6 same as defined in K.S.A. 58-4202, and amendments thereto;

7 (gg) all sales of tangible personal property purchased in accordance  
8 with vouchers issued pursuant to the federal special supplemental food  
9 program for women, infants and children;

10 (hh) all sales of medical supplies and equipment, including durable  
11 medical equipment, purchased directly by a nonprofit skilled nursing home  
12 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,  
13 and amendments thereto, for the purpose of providing medical services to  
14 residents thereof. This exemption shall not apply to tangible personal  
15 property customarily used for human habitation purposes. As used in this  
16 subsection, "durable medical equipment" means equipment including  
17 repair and replacement parts for such equipment, that can withstand  
18 repeated use, is primarily and customarily used to serve a medical purpose,  
19 generally is not useful to a person in the absence of illness or injury and is  
20 not worn in or on the body, but does not include mobility enhancing  
21 equipment as defined in subsection (r), oxygen delivery equipment, kidney  
22 dialysis equipment or enteral feeding systems;

23 (ii) all sales of tangible personal property purchased directly by a  
24 nonprofit organization for nonsectarian comprehensive multidiscipline  
25 youth development programs and activities provided or sponsored by such  
26 organization, and all sales of tangible personal property by or on behalf of  
27 any such organization. This exemption shall not apply to tangible personal  
28 property customarily used for human habitation purposes;

29 (jj) all sales of tangible personal property or services, including the  
30 renting and leasing of tangible personal property, purchased directly on  
31 behalf of a community-based facility for people with intellectual disability  
32 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and  
33 amendments thereto, and licensed in accordance with the provisions of  
34 K.S.A. 2018 Supp. 39-2001 et seq., and amendments thereto, and all sales  
35 of tangible personal property or services purchased by contractors during  
36 the time period from July, 2003, through June, 2006, for the purpose of  
37 constructing, equipping, maintaining or furnishing a new facility for a  
38 community-based facility for people with intellectual disability or mental  
39 health center located in Riverton, Cherokee County, Kansas, that would  
40 have been eligible for sales tax exemption pursuant to this subsection if  
41 purchased directly by such facility or center. This exemption shall not  
42 apply to tangible personal property customarily used for human habitation  
43 purposes;

1 (kk) (1) (A) all sales of machinery and equipment that are used in this  
2 state as an integral or essential part of an integrated production operation  
3 by a manufacturing or processing plant or facility;

4 (B) all sales of installation, repair and maintenance services  
5 performed on such machinery and equipment; and

6 (C) all sales of repair and replacement parts and accessories  
7 purchased for such machinery and equipment.

8 (2) For purposes of this subsection:

9 (A) "Integrated production operation" means an integrated series of  
10 operations engaged in at a manufacturing or processing plant or facility to  
11 process, transform or convert tangible personal property by physical,  
12 chemical or other means into a different form, composition or character  
13 from that in which it originally existed. Integrated production operations  
14 shall include: (i) Production line operations, including packaging  
15 operations; (ii) preproduction operations to handle, store and treat raw  
16 materials; (iii) post production handling, storage, warehousing and  
17 distribution operations; and (iv) waste, pollution and environmental  
18 control operations, if any;

19 (B) "production line" means the assemblage of machinery and  
20 equipment at a manufacturing or processing plant or facility where the  
21 actual transformation or processing of tangible personal property occurs;

22 (C) "manufacturing or processing plant or facility" means a single,  
23 fixed location owned or controlled by a manufacturing or processing  
24 business that consists of one or more structures or buildings in a  
25 contiguous area where integrated production operations are conducted to  
26 manufacture or process tangible personal property to be ultimately sold at  
27 retail. Such term shall not include any facility primarily operated for the  
28 purpose of conveying or assisting in the conveyance of natural gas,  
29 electricity, oil or water. A business may operate one or more manufacturing  
30 or processing plants or facilities at different locations to manufacture or  
31 process a single product of tangible personal property to be ultimately sold  
32 at retail;

33 (D) "manufacturing or processing business" means a business that  
34 utilizes an integrated production operation to manufacture, process,  
35 fabricate, finish or assemble items for wholesale and retail distribution as  
36 part of what is commonly regarded by the general public as an industrial  
37 manufacturing or processing operation or an agricultural commodity  
38 processing operation. (i) Industrial manufacturing or processing operations  
39 include, by way of illustration but not of limitation, the fabrication of  
40 automobiles, airplanes, machinery or transportation equipment, the  
41 fabrication of metal, plastic, wood or paper products, electricity power  
42 generation, water treatment, petroleum refining, chemical production,  
43 wholesale bottling, newspaper printing, ready mixed concrete production,

1 and the remanufacturing of used parts for wholesale or retail sale. Such  
2 processing operations shall include operations at an oil well, gas well,  
3 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,  
4 sand or gravel that has been extracted from the earth is cleaned, separated,  
5 crushed, ground, milled, screened, washed or otherwise treated or prepared  
6 before its transmission to a refinery or before any other wholesale or retail  
7 distribution. (ii) Agricultural commodity processing operations include, by  
8 way of illustration but not of limitation, meat packing, poultry slaughtering  
9 and dressing, processing and packaging farm and dairy products in sealed  
10 containers for wholesale and retail distribution, feed grinding, grain  
11 milling, frozen food processing, and grain handling, cleaning, blending,  
12 fumigation, drying and aeration operations engaged in by grain elevators  
13 or other grain storage facilities. (iii) Manufacturing or processing  
14 businesses do not include, by way of illustration but not of limitation,  
15 nonindustrial businesses whose operations are primarily retail and that  
16 produce or process tangible personal property as an incidental part of  
17 conducting the retail business, such as retailers who bake, cook or prepare  
18 food products in the regular course of their retail trade, grocery stores,  
19 meat lockers and meat markets that butcher or dress livestock or poultry in  
20 the regular course of their retail trade, contractors who alter, service, repair  
21 or improve real property, and retail businesses that clean, service or  
22 refurbish and repair tangible personal property for its owner;

23 (E) "repair and replacement parts and accessories" means all parts  
24 and accessories for exempt machinery and equipment, including, but not  
25 limited to, dies, jigs, molds, patterns and safety devices that are attached to  
26 exempt machinery or that are otherwise used in production, and parts and  
27 accessories that require periodic replacement such as belts, drill bits,  
28 grinding wheels, grinding balls, cutting bars, saws, refractory brick and  
29 other refractory items for exempt kiln equipment used in production  
30 operations;

31 (F) "primary" or "primarily" mean more than 50% of the time.

32 (3) For purposes of this subsection, machinery and equipment shall  
33 be deemed to be used as an integral or essential part of an integrated  
34 production operation when used:

35 (A) To receive, transport, convey, handle, treat or store raw materials  
36 in preparation of its placement on the production line;

37 (B) to transport, convey, handle or store the property undergoing  
38 manufacturing or processing at any point from the beginning of the  
39 production line through any warehousing or distribution operation of the  
40 final product that occurs at the plant or facility;

41 (C) to act upon, effect, promote or otherwise facilitate a physical  
42 change to the property undergoing manufacturing or processing;

43 (D) to guide, control or direct the movement of property undergoing

1 manufacturing or processing;

2 (E) to test or measure raw materials, the property undergoing  
3 manufacturing or processing or the finished product, as a necessary part of  
4 the manufacturer's integrated production operations;

5 (F) to plan, manage, control or record the receipt and flow of  
6 inventories of raw materials, consumables and component parts, the flow  
7 of the property undergoing manufacturing or processing and the  
8 management of inventories of the finished product;

9 (G) to produce energy for, lubricate, control the operating of or  
10 otherwise enable the functioning of other production machinery and  
11 equipment and the continuation of production operations;

12 (H) to package the property being manufactured or processed in a  
13 container or wrapping in which such property is normally sold or  
14 transported;

15 (I) to transmit or transport electricity, coke, gas, water, steam or  
16 similar substances used in production operations from the point of  
17 generation, if produced by the manufacturer or processor at the plant site,  
18 to that manufacturer's production operation; or, if purchased or delivered  
19 from off-site, from the point where the substance enters the site of the  
20 plant or facility to that manufacturer's production operations;

21 (J) to cool, heat, filter, refine or otherwise treat water, steam, acid, oil,  
22 solvents or other substances that are used in production operations;

23 (K) to provide and control an environment required to maintain  
24 certain levels of air quality, humidity or temperature in special and limited  
25 areas of the plant or facility, where such regulation of temperature or  
26 humidity is part of and essential to the production process;

27 (L) to treat, transport or store waste or other byproducts of production  
28 operations at the plant or facility; or

29 (M) to control pollution at the plant or facility where the pollution is  
30 produced by the manufacturing or processing operation.

31 (4) The following machinery, equipment and materials shall be  
32 deemed to be exempt even though it may not otherwise qualify as  
33 machinery and equipment used as an integral or essential part of an  
34 integrated production operation: (A) Computers and related peripheral  
35 equipment that are utilized by a manufacturing or processing business for  
36 engineering of the finished product or for research and development or  
37 product design; (B) machinery and equipment that is utilized by a  
38 manufacturing or processing business to manufacture or rebuild tangible  
39 personal property that is used in manufacturing or processing operations,  
40 including tools, dies, molds, forms and other parts of qualifying machinery  
41 and equipment; (C) portable plants for aggregate concrete, bulk cement  
42 and asphalt including cement mixing drums to be attached to a motor  
43 vehicle; (D) industrial fixtures, devices, support facilities and special

1 foundations necessary for manufacturing and production operations, and  
2 materials and other tangible personal property sold for the purpose of  
3 fabricating such fixtures, devices, facilities and foundations. An exemption  
4 certificate for such purchases shall be signed by the manufacturer or  
5 processor. If the fabricator purchases such material, the fabricator shall  
6 also sign the exemption certificate; (E) a manufacturing or processing  
7 business' laboratory equipment that is not located at the plant or facility,  
8 but that would otherwise qualify for exemption under subsection (3)(E);  
9 (F) all machinery and equipment used in surface mining activities as  
10 described in K.S.A. 49-601 et seq., and amendments thereto, beginning  
11 from the time a reclamation plan is filed to the acceptance of the  
12 completed final site reclamation.

13 (5) "Machinery and equipment used as an integral or essential part of  
14 an integrated production operation" shall not include:

15 (A) Machinery and equipment used for nonproduction purposes,  
16 including, but not limited to, machinery and equipment used for plant  
17 security, fire prevention, first aid, accounting, administration, record  
18 keeping, advertising, marketing, sales or other related activities, plant  
19 cleaning, plant communications and employee work scheduling;

20 (B) machinery, equipment and tools used primarily in maintaining  
21 and repairing any type of machinery and equipment or the building and  
22 plant;

23 (C) transportation, transmission and distribution equipment not  
24 primarily used in a production, warehousing or material handling  
25 operation at the plant or facility, including the means of conveyance of  
26 natural gas, electricity, oil or water, and equipment related thereto, located  
27 outside the plant or facility;

28 (D) office machines and equipment including computers and related  
29 peripheral equipment not used directly and primarily to control or measure  
30 the manufacturing process;

31 (E) furniture and other furnishings;

32 (F) buildings, other than exempt machinery and equipment that is  
33 permanently affixed to or becomes a physical part of the building, and any  
34 other part of real estate that is not otherwise exempt;

35 (G) building fixtures that are not integral to the manufacturing  
36 operation, such as utility systems for heating, ventilation, air conditioning,  
37 communications, plumbing or electrical;

38 (H) machinery and equipment used for general plant heating, cooling  
39 and lighting;

40 (I) motor vehicles that are registered for operation on public  
41 highways; or

42 (J) employee apparel, except safety and protective apparel that is  
43 purchased by an employer and furnished gratuitously to employees who



1 are involved in production or research activities.

2 (6) Subsections (3) and (5) shall not be construed as exclusive listings  
3 of the machinery and equipment that qualify or do not qualify as an  
4 integral or essential part of an integrated production operation. When  
5 machinery or equipment is used as an integral or essential part of  
6 production operations part of the time and for nonproduction purposes at  
7 other times, the primary use of the machinery or equipment shall  
8 determine whether or not such machinery or equipment qualifies for  
9 exemption.

10 (7) The secretary of revenue shall adopt rules and regulations  
11 necessary to administer the provisions of this subsection;

12 (ll) all sales of educational materials purchased for distribution to the  
13 public at no charge by a nonprofit corporation organized for the purpose of  
14 encouraging, fostering and conducting programs for the improvement of  
15 public health, except that for taxable years commencing after December  
16 31, 2013, this subsection shall not apply to any sales of such materials  
17 purchased by a nonprofit corporation which performs any abortion, as  
18 defined in K.S.A. 65-6701, and amendments thereto;

19 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,  
20 herbicides, germicides, pesticides and fungicides; and services, purchased  
21 and used for the purpose of producing plants in order to prevent soil  
22 erosion on land devoted to agricultural use;

23 (nn) except as otherwise provided in this act, all sales of services  
24 rendered by an advertising agency or licensed broadcast station or any  
25 member, agent or employee thereof;

26 (oo) all sales of tangible personal property purchased by a community  
27 action group or agency for the exclusive purpose of repairing or  
28 weatherizing housing occupied by low-income individuals;

29 (pp) all sales of drill bits and explosives actually utilized in the  
30 exploration and production of oil or gas;

31 (qq) all sales of tangible personal property and services purchased by  
32 a nonprofit museum or historical society or any combination thereof,  
33 including a nonprofit organization that is organized for the purpose of  
34 stimulating public interest in the exploration of space by providing  
35 educational information, exhibits and experiences, that is exempt from  
36 federal income taxation pursuant to section 501(c)(3) of the federal  
37 internal revenue code of 1986;

38 (rr) all sales of tangible personal property that will admit the  
39 purchaser thereof to any annual event sponsored by a nonprofit  
40 organization that is exempt from federal income taxation pursuant to  
41 section 501(c)(3) of the federal internal revenue code of 1986, except that  
42 for taxable years commencing after December 31, 2013, this subsection  
43 shall not apply to any sales of such tangible personal property purchased

1 by a nonprofit organization which performs any abortion, as defined in  
2 K.S.A. 65-6701, and amendments thereto;

3 (ss) all sales of tangible personal property and services purchased by  
4 a public broadcasting station licensed by the federal communications  
5 commission as a noncommercial educational television or radio station;

6 (tt) all sales of tangible personal property and services purchased by  
7 or on behalf of a not-for-profit corporation that is exempt from federal  
8 income taxation pursuant to section 501(c)(3) of the federal internal  
9 revenue code of 1986, for the sole purpose of constructing a Kansas  
10 Korean War memorial;

11 (uu) all sales of tangible personal property and services purchased by  
12 or on behalf of any rural volunteer fire-fighting organization for use  
13 exclusively in the performance of its duties and functions;

14 (vv) all sales of tangible personal property purchased by any of the  
15 following organizations that are exempt from federal income taxation  
16 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
17 for the following purposes, and all sales of any such property by or on  
18 behalf of any such organization for any such purpose:

19 (1) The American heart association, Kansas affiliate, inc. for the  
20 purposes of providing education, training, certification in emergency  
21 cardiac care, research and other related services to reduce disability and  
22 death from cardiovascular diseases and stroke;

23 (2) the Kansas alliance for the mentally ill, inc. for the purpose of  
24 advocacy for persons with mental illness and to education, research and  
25 support for their families;

26 (3) the Kansas mental illness awareness council for the purposes of  
27 advocacy for persons who are mentally ill and for education, research and  
28 support for them and their families;

29 (4) the American diabetes association Kansas affiliate, inc. for the  
30 purpose of eliminating diabetes through medical research, public education  
31 focusing on disease prevention and education, patient education including  
32 information on coping with diabetes, and professional education and  
33 training;

34 (5) the American lung association of Kansas, inc. for the purpose of  
35 eliminating all lung diseases through medical research, public education  
36 including information on coping with lung diseases, professional education  
37 and training related to lung disease and other related services to reduce the  
38 incidence of disability and death due to lung disease;

39 (6) the Kansas chapters of the Alzheimer's disease and related  
40 disorders association, inc. for the purpose of providing assistance and  
41 support to persons in Kansas with Alzheimer's disease, and their families  
42 and caregivers;

43 (7) the Kansas chapters of the Parkinson's disease association for the

1 purpose of eliminating Parkinson's disease through medical research and  
2 public and professional education related to such disease;

3 (8) the national kidney foundation of Kansas and western Missouri  
4 for the purpose of eliminating kidney disease through medical research  
5 and public and private education related to such disease;

6 (9) the heartstrings community foundation for the purpose of  
7 providing training, employment and activities for adults with  
8 developmental disabilities;

9 (10) the cystic fibrosis foundation, heart of America chapter, for the  
10 purposes of assuring the development of the means to cure and control  
11 cystic fibrosis and improving the quality of life for those with the disease;

12 (11) the spina bifida association of Kansas for the purpose of  
13 providing financial, educational and practical aid to families and  
14 individuals with spina bifida. Such aid includes, but is not limited to,  
15 funding for medical devices, counseling and medical educational  
16 opportunities;

17 (12) the CHWC, Inc., for the purpose of rebuilding urban core  
18 neighborhoods through the construction of new homes, acquiring and  
19 renovating existing homes and other related activities, and promoting  
20 economic development in such neighborhoods;

21 (13) the cross-lines cooperative council for the purpose of providing  
22 social services to low income individuals and families;

23 (14) the dreams work, inc., for the purpose of providing young adult  
24 day services to individuals with developmental disabilities and assisting  
25 families in avoiding institutional or nursing home care for a  
26 developmentally disabled member of their family;

27 (15) the KSDS, Inc., for the purpose of promoting the independence  
28 and inclusion of people with disabilities as fully participating and  
29 contributing members of their communities and society through the  
30 training and providing of guide and service dogs to people with  
31 disabilities, and providing disability education and awareness to the  
32 general public;

33 (16) the lyme association of greater Kansas City, Inc., for the purpose  
34 of providing support to persons with lyme disease and public education  
35 relating to the prevention, treatment and cure of lyme disease;

36 (17) the dream factory, inc., for the purpose of granting the dreams of  
37 children with critical and chronic illnesses;

38 (18) the Ottawa Suzuki strings, inc., for the purpose of providing  
39 students and families with education and resources necessary to enable  
40 each child to develop fine character and musical ability to the fullest  
41 potential;

42 (19) the international association of lions clubs for the purpose of  
43 creating and fostering a spirit of understanding among all people for

1 humanitarian needs by providing voluntary services through community  
2 involvement and international cooperation;

3 (20) the Johnson county young matrons, inc., for the purpose of  
4 promoting a positive future for members of the community through  
5 volunteerism, financial support and education through the efforts of an all  
6 volunteer organization;

7 (21) the American cancer society, inc., for the purpose of eliminating  
8 cancer as a major health problem by preventing cancer, saving lives and  
9 diminishing suffering from cancer, through research, education, advocacy  
10 and service;

11 (22) the community services of Shawnee, inc., for the purpose of  
12 providing food and clothing to those in need;

13 (23) the angel babies association, for the purpose of providing  
14 assistance, support and items of necessity to teenage mothers and their  
15 babies; and

16 (24) the Kansas fairgrounds foundation for the purpose of the  
17 preservation, renovation and beautification of the Kansas state fairgrounds;

18 (ww) all sales of tangible personal property purchased by the habitat  
19 for humanity for the exclusive use of being incorporated within a housing  
20 project constructed by such organization;

21 (xx) all sales of tangible personal property and services purchased by  
22 a nonprofit zoo that is exempt from federal income taxation pursuant to  
23 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf  
24 of such zoo by an entity itself exempt from federal income taxation  
25 pursuant to section 501(c)(3) of the federal internal revenue code of 1986  
26 contracted with to operate such zoo and all sales of tangible personal  
27 property or services purchased by a contractor for the purpose of  
28 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
29 furnishing or remodeling facilities for any nonprofit zoo that would be  
30 exempt from taxation under the provisions of this section if purchased  
31 directly by such nonprofit zoo or the entity operating such zoo. Nothing in  
32 this subsection shall be deemed to exempt the purchase of any construction  
33 machinery, equipment or tools used in the constructing, equipping,  
34 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
35 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for  
36 the purpose of constructing, equipping, reconstructing, maintaining,  
37 repairing, enlarging, furnishing or remodeling facilities, it shall obtain  
38 from the state and furnish to the contractor an exemption certificate for the  
39 project involved, and the contractor may purchase materials for  
40 incorporation in such project. The contractor shall furnish the number of  
41 such certificate to all suppliers from whom such purchases are made, and  
42 such suppliers shall execute invoices covering the same bearing the  
43 number of such certificate. Upon completion of the project the contractor

1 shall furnish to the nonprofit zoo concerned a sworn statement, on a form  
2 to be provided by the director of taxation, that all purchases so made were  
3 entitled to exemption under this subsection. All invoices shall be held by  
4 the contractor for a period of five years and shall be subject to audit by the  
5 director of taxation. If any materials purchased under such a certificate are  
6 found not to have been incorporated in the building or other project or not  
7 to have been returned for credit or the sales or compensating tax otherwise  
8 imposed upon such materials that will not be so incorporated in the  
9 building or other project reported and paid by such contractor to the  
10 director of taxation not later than the 20<sup>th</sup> day of the month following the  
11 close of the month in which it shall be determined that such materials will  
12 not be used for the purpose for which such certificate was issued, the  
13 nonprofit zoo concerned shall be liable for tax on all materials purchased  
14 for the project, and upon payment thereof it may recover the same from  
15 the contractor together with reasonable attorney fees. Any contractor or  
16 any agent, employee or subcontractor thereof, who shall use or otherwise  
17 dispose of any materials purchased under such a certificate for any purpose  
18 other than that for which such a certificate is issued without the payment  
19 of the sales or compensating tax otherwise imposed upon such materials,  
20 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
21 subject to the penalties provided for in K.S.A. 79-3615(h), and  
22 amendments thereto;

23 (yy) all sales of tangible personal property and services purchased by  
24 a parent-teacher association or organization, and all sales of tangible  
25 personal property by or on behalf of such association or organization;

26 (zz) all sales of machinery and equipment purchased by over-the-air,  
27 free access radio or television station that is used directly and primarily for  
28 the purpose of producing a broadcast signal or is such that the failure of  
29 the machinery or equipment to operate would cause broadcasting to cease.  
30 For purposes of this subsection, machinery and equipment shall include,  
31 but not be limited to, that required by rules and regulations of the federal  
32 communications commission, and all sales of electricity which are  
33 essential or necessary for the purpose of producing a broadcast signal or is  
34 such that the failure of the electricity would cause broadcasting to cease;

35 (aaa) all sales of tangible personal property and services purchased by  
36 a religious organization that is exempt from federal income taxation  
37 pursuant to section 501(c)(3) of the federal internal revenue code, and used  
38 exclusively for religious purposes, and all sales of tangible personal  
39 property or services purchased by a contractor for the purpose of  
40 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
41 furnishing or remodeling facilities for any such organization that would be  
42 exempt from taxation under the provisions of this section if purchased  
43 directly by such organization. Nothing in this subsection shall be deemed

1 to exempt the purchase of any construction machinery, equipment or tools  
2 used in the constructing, equipping, reconstructing, maintaining, repairing,  
3 enlarging, furnishing or remodeling facilities for any such organization.  
4 When any such organization shall contract for the purpose of constructing,  
5 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
6 remodeling facilities, it shall obtain from the state and furnish to the  
7 contractor an exemption certificate for the project involved, and the  
8 contractor may purchase materials for incorporation in such project. The  
9 contractor shall furnish the number of such certificate to all suppliers from  
10 whom such purchases are made, and such suppliers shall execute invoices  
11 covering the same bearing the number of such certificate. Upon  
12 completion of the project the contractor shall furnish to such organization  
13 concerned a sworn statement, on a form to be provided by the director of  
14 taxation, that all purchases so made were entitled to exemption under this  
15 subsection. All invoices shall be held by the contractor for a period of five  
16 years and shall be subject to audit by the director of taxation. If any  
17 materials purchased under such a certificate are found not to have been  
18 incorporated in the building or other project or not to have been returned  
19 for credit or the sales or compensating tax otherwise imposed upon such  
20 materials that will not be so incorporated in the building or other project  
21 reported and paid by such contractor to the director of taxation not later  
22 than the 20<sup>th</sup> day of the month following the close of the month in which it  
23 shall be determined that such materials will not be used for the purpose for  
24 which such certificate was issued, such organization concerned shall be  
25 liable for tax on all materials purchased for the project, and upon payment  
26 thereof it may recover the same from the contractor together with  
27 reasonable attorney fees. Any contractor or any agent, employee or  
28 subcontractor thereof, who shall use or otherwise dispose of any materials  
29 purchased under such a certificate for any purpose other than that for  
30 which such a certificate is issued without the payment of the sales or  
31 compensating tax otherwise imposed upon such materials, shall be guilty  
32 of a misdemeanor and, upon conviction therefor, shall be subject to the  
33 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.  
34 Sales tax paid on and after July 1, 1998, but prior to the effective date of  
35 this act upon the gross receipts received from any sale exempted by the  
36 amendatory provisions of this subsection shall be refunded. Each claim for  
37 a sales tax refund shall be verified and submitted to the director of taxation  
38 upon forms furnished by the director and shall be accompanied by any  
39 additional documentation required by the director. The director shall  
40 review each claim and shall refund that amount of sales tax paid as  
41 determined under the provisions of this subsection. All refunds shall be  
42 paid from the sales tax refund fund upon warrants of the director of  
43 accounts and reports pursuant to vouchers approved by the director or the

1 director's designee;

2 (bbb) all sales of food for human consumption by an organization that  
3 is exempt from federal income taxation pursuant to section 501(c)(3)  
4 of the federal internal revenue code of 1986, pursuant to a food distribution  
5 program that offers such food at a price below cost in exchange for the  
6 performance of community service by the purchaser thereof;

7 (ccc) on and after July 1, 1999, all sales of tangible personal property  
8 and services purchased by a primary care clinic or health center the  
9 primary purpose of which is to provide services to medically underserved  
10 individuals and families, and that is exempt from federal income taxation  
11 pursuant to section 501(c)(3) of the federal internal revenue code, and all  
12 sales of tangible personal property or services purchased by a contractor  
13 for the purpose of constructing, equipping, reconstructing, maintaining,  
14 repairing, enlarging, furnishing or remodeling facilities for any such clinic  
15 or center that would be exempt from taxation under the provisions of this  
16 section if purchased directly by such clinic or center, except that for  
17 taxable years commencing after December 31, 2013, this subsection shall  
18 not apply to any sales of such tangible personal property and services  
19 purchased by a primary care clinic or health center which performs any  
20 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing  
21 in this subsection shall be deemed to exempt the purchase of any  
22 construction machinery, equipment or tools used in the constructing,  
23 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
24 remodeling facilities for any such clinic or center. When any such clinic or  
25 center shall contract for the purpose of constructing, equipping,  
26 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
27 facilities, it shall obtain from the state and furnish to the contractor an  
28 exemption certificate for the project involved, and the contractor may  
29 purchase materials for incorporation in such project. The contractor shall  
30 furnish the number of such certificate to all suppliers from whom such  
31 purchases are made, and such suppliers shall execute invoices covering the  
32 same bearing the number of such certificate. Upon completion of the  
33 project the contractor shall furnish to such clinic or center concerned a  
34 sworn statement, on a form to be provided by the director of taxation, that  
35 all purchases so made were entitled to exemption under this subsection.  
36 All invoices shall be held by the contractor for a period of five years and  
37 shall be subject to audit by the director of taxation. If any materials  
38 purchased under such a certificate are found not to have been incorporated  
39 in the building or other project or not to have been returned for credit or  
40 the sales or compensating tax otherwise imposed upon such materials that  
41 will not be so incorporated in the building or other project reported and  
42 paid by such contractor to the director of taxation not later than the 20<sup>th</sup>  
43 day of the month following the close of the month in which it shall be

1 determined that such materials will not be used for the purpose for which  
2 such certificate was issued, such clinic or center concerned shall be liable  
3 for tax on all materials purchased for the project, and upon payment  
4 thereof it may recover the same from the contractor together with  
5 reasonable attorney fees. Any contractor or any agent, employee or  
6 subcontractor thereof, who shall use or otherwise dispose of any materials  
7 purchased under such a certificate for any purpose other than that for  
8 which such a certificate is issued without the payment of the sales or  
9 compensating tax otherwise imposed upon such materials, shall be guilty  
10 of a misdemeanor and, upon conviction therefor, shall be subject to the  
11 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

12 (ddd) on and after January 1, 1999, and before January 1, 2000, all  
13 sales of materials and services purchased by any class II or III railroad as  
14 classified by the federal surface transportation board for the construction,  
15 renovation, repair or replacement of class II or III railroad track and  
16 facilities used directly in interstate commerce. In the event any such track  
17 or facility for which materials and services were purchased sales tax  
18 exempt is not operational for five years succeeding the allowance of such  
19 exemption, the total amount of sales tax that would have been payable  
20 except for the operation of this subsection shall be recouped in accordance  
21 with rules and regulations adopted for such purpose by the secretary of  
22 revenue;

23 (eee) on and after January 1, 1999, and before January 1, 2001, all  
24 sales of materials and services purchased for the original construction,  
25 reconstruction, repair or replacement of grain storage facilities, including  
26 railroad sidings providing access thereto;

27 (fff) all sales of material handling equipment, racking systems and  
28 other related machinery and equipment that is used for the handling,  
29 movement or storage of tangible personal property in a warehouse or  
30 distribution facility in this state; all sales of installation, repair and  
31 maintenance services performed on such machinery and equipment; and  
32 all sales of repair and replacement parts for such machinery and  
33 equipment. For purposes of this subsection, a warehouse or distribution  
34 facility means a single, fixed location that consists of buildings or  
35 structures in a contiguous area where storage or distribution operations are  
36 conducted that are separate and apart from the business' retail operations,  
37 if any, and that do not otherwise qualify for exemption as occurring at a  
38 manufacturing or processing plant or facility. Material handling and  
39 storage equipment shall include aeration, dust control, cleaning, handling  
40 and other such equipment that is used in a public grain warehouse or other  
41 commercial grain storage facility, whether used for grain handling, grain  
42 storage, grain refining or processing, or other grain treatment operation;

43 (ggg) all sales of tangible personal property and services purchased



1 by or on behalf of the Kansas academy of science, which is exempt from  
2 federal income taxation pursuant to section 501(c)(3) of the federal  
3 internal revenue code of 1986, and used solely by such academy for the  
4 preparation, publication and dissemination of education materials;

5 (hhh) all sales of tangible personal property and services purchased  
6 by or on behalf of all domestic violence shelters that are member agencies  
7 of the Kansas coalition against sexual and domestic violence;

8 (iii) all sales of personal property and services purchased by an  
9 organization that is exempt from federal income taxation pursuant to  
10 section 501(c)(3) of the federal internal revenue code of 1986, and such  
11 personal property and services are used by any such organization in the  
12 collection, storage and distribution of food products to nonprofit  
13 organizations that distribute such food products to persons pursuant to a  
14 food distribution program on a charitable basis without fee or charge, and  
15 all sales of tangible personal property or services purchased by a  
16 contractor for the purpose of constructing, equipping, reconstructing,  
17 maintaining, repairing, enlarging, furnishing or remodeling facilities used  
18 for the collection and storage of such food products for any such  
19 organization which is exempt from federal income taxation pursuant to  
20 section 501(c)(3) of the federal internal revenue code of 1986, that would  
21 be exempt from taxation under the provisions of this section if purchased  
22 directly by such organization. Nothing in this subsection shall be deemed  
23 to exempt the purchase of any construction machinery, equipment or tools  
24 used in the constructing, equipping, reconstructing, maintaining, repairing,  
25 enlarging, furnishing or remodeling facilities for any such organization.  
26 When any such organization shall contract for the purpose of constructing,  
27 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
28 remodeling facilities, it shall obtain from the state and furnish to the  
29 contractor an exemption certificate for the project involved, and the  
30 contractor may purchase materials for incorporation in such project. The  
31 contractor shall furnish the number of such certificate to all suppliers from  
32 whom such purchases are made, and such suppliers shall execute invoices  
33 covering the same bearing the number of such certificate. Upon  
34 completion of the project the contractor shall furnish to such organization  
35 concerned a sworn statement, on a form to be provided by the director of  
36 taxation, that all purchases so made were entitled to exemption under this  
37 subsection. All invoices shall be held by the contractor for a period of five  
38 years and shall be subject to audit by the director of taxation. If any  
39 materials purchased under such a certificate are found not to have been  
40 incorporated in such facilities or not to have been returned for credit or the  
41 sales or compensating tax otherwise imposed upon such materials that will  
42 not be so incorporated in such facilities reported and paid by such  
43 contractor to the director of taxation not later than the 20<sup>th</sup> day of the

1 month following the close of the month in which it shall be determined  
2 that such materials will not be used for the purpose for which such  
3 certificate was issued, such organization concerned shall be liable for tax  
4 on all materials purchased for the project, and upon payment thereof it  
5 may recover the same from the contractor together with reasonable  
6 attorney fees. Any contractor or any agent, employee or subcontractor  
7 thereof, who shall use or otherwise dispose of any materials purchased  
8 under such a certificate for any purpose other than that for which such a  
9 certificate is issued without the payment of the sales or compensating tax  
10 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
11 and, upon conviction therefor, shall be subject to the penalties provided for  
12 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after  
13 July 1, 2005, but prior to the effective date of this act upon the gross  
14 receipts received from any sale exempted by the amendatory provisions of  
15 this subsection shall be refunded. Each claim for a sales tax refund shall be  
16 verified and submitted to the director of taxation upon forms furnished by  
17 the director and shall be accompanied by any additional documentation  
18 required by the director. The director shall review each claim and shall  
19 refund that amount of sales tax paid as determined under the provisions of  
20 this subsection. All refunds shall be paid from the sales tax refund fund  
21 upon warrants of the director of accounts and reports pursuant to vouchers  
22 approved by the director or the director's designee;

23 (jjj) all sales of dietary supplements dispensed pursuant to a  
24 prescription order by a licensed practitioner or a mid-level practitioner as  
25 defined by K.S.A. 65-1626, and amendments thereto. As used in this  
26 subsection, "dietary supplement" means any product, other than tobacco,  
27 intended to supplement the diet that: (1) Contains one or more of the  
28 following dietary ingredients: A vitamin, a mineral, an herb or other  
29 botanical, an amino acid, a dietary substance for use by humans to  
30 supplement the diet by increasing the total dietary intake or a concentrate,  
31 metabolite, constituent, extract or combination of any such ingredient; (2)  
32 is intended for ingestion in tablet, capsule, powder, softgel, gelcap or  
33 liquid form, or if not intended for ingestion, in such a form, is not  
34 represented as conventional food and is not represented for use as a sole  
35 item of a meal or of the diet; and (3) is required to be labeled as a dietary  
36 supplement, identifiable by the supplemental facts box found on the label  
37 and as required pursuant to 21 C.F.R. § 101.36;

38 (lll) all sales of tangible personal property and services purchased by  
39 special olympics Kansas, inc. for the purpose of providing year-round  
40 sports training and athletic competition in a variety of olympic-type sports  
41 for individuals with intellectual disabilities by giving them continuing  
42 opportunities to develop physical fitness, demonstrate courage, experience  
43 joy and participate in a sharing of gifts, skills and friendship with their

1 families, other special olympics athletes and the community, and activities  
2 provided or sponsored by such organization, and all sales of tangible  
3 personal property by or on behalf of any such organization;

4 (mmm) all sales of tangible personal property purchased by or on  
5 behalf of the Marillac center, inc., which is exempt from federal income  
6 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
7 for the purpose of providing psycho-social-biological and special  
8 education services to children, and all sales of any such property by or on  
9 behalf of such organization for such purpose;

10 (nnn) all sales of tangible personal property and services purchased  
11 by the west Sedgwick county-sunrise rotary club and sunrise charitable  
12 fund for the purpose of constructing a boundless playground which is an  
13 integrated, barrier free and developmentally advantageous play  
14 environment for children of all abilities and disabilities;

15 (ooo) all sales of tangible personal property by or on behalf of a  
16 public library serving the general public and supported in whole or in part  
17 with tax money or a not-for-profit organization whose purpose is to raise  
18 funds for or provide services or other benefits to any such public library;

19 (ppp) all sales of tangible personal property and services purchased  
20 by or on behalf of a homeless shelter that is exempt from federal income  
21 taxation pursuant to section 501(c)(3) of the federal income tax code of  
22 1986, and used by any such homeless shelter to provide emergency and  
23 transitional housing for individuals and families experiencing  
24 homelessness, and all sales of any such property by or on behalf of any  
25 such homeless shelter for any such purpose;

26 (qqq) all sales of tangible personal property and services purchased  
27 by TLC for children and families, inc., hereinafter referred to as TLC,  
28 which is exempt from federal income taxation pursuant to section 501(c)  
29 (3) of the federal internal revenue code of 1986, and such property and  
30 services are used for the purpose of providing emergency shelter and  
31 treatment for abused and neglected children as well as meeting additional  
32 critical needs for children, juveniles and family, and all sales of any such  
33 property by or on behalf of TLC for any such purpose; and all sales of  
34 tangible personal property or services purchased by a contractor for the  
35 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
36 remodeling facilities for the operation of services for TLC for any such  
37 purpose that would be exempt from taxation under the provisions of this  
38 section if purchased directly by TLC. Nothing in this subsection shall be  
39 deemed to exempt the purchase of any construction machinery, equipment  
40 or tools used in the constructing, maintaining, repairing, enlarging,  
41 furnishing or remodeling such facilities for TLC. When TLC contracts for  
42 the purpose of constructing, maintaining, repairing, enlarging, furnishing  
43 or remodeling such facilities, it shall obtain from the state and furnish to

1 the contractor an exemption certificate for the project involved, and the  
2 contractor may purchase materials for incorporation in such project. The  
3 contractor shall furnish the number of such certificate to all suppliers from  
4 whom such purchases are made, and such suppliers shall execute invoices  
5 covering the same bearing the number of such certificate. Upon  
6 completion of the project the contractor shall furnish to TLC a sworn  
7 statement, on a form to be provided by the director of taxation, that all  
8 purchases so made were entitled to exemption under this subsection. All  
9 invoices shall be held by the contractor for a period of five years and shall  
10 be subject to audit by the director of taxation. If any materials purchased  
11 under such a certificate are found not to have been incorporated in the  
12 building or other project or not to have been returned for credit or the sales  
13 or compensating tax otherwise imposed upon such materials that will not  
14 be so incorporated in the building or other project reported and paid by  
15 such contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
16 month following the close of the month in which it shall be determined  
17 that such materials will not be used for the purpose for which such  
18 certificate was issued, TLC shall be liable for tax on all materials  
19 purchased for the project, and upon payment thereof it may recover the  
20 same from the contractor together with reasonable attorney fees. Any  
21 contractor or any agent, employee or subcontractor thereof, who shall use  
22 or otherwise dispose of any materials purchased under such a certificate  
23 for any purpose other than that for which such a certificate is issued  
24 without the payment of the sales or compensating tax otherwise imposed  
25 upon such materials, shall be guilty of a misdemeanor and, upon  
26 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
27 79-3615(h), and amendments thereto;

28 (rrr) all sales of tangible personal property and services purchased by  
29 any county law library maintained pursuant to law and sales of tangible  
30 personal property and services purchased by an organization that would  
31 have been exempt from taxation under the provisions of this subsection if  
32 purchased directly by the county law library for the purpose of providing  
33 legal resources to attorneys, judges, students and the general public, and  
34 all sales of any such property by or on behalf of any such county law  
35 library;

36 (sss) all sales of tangible personal property and services purchased by  
37 catholic charities or youthville, hereinafter referred to as charitable family  
38 providers, which is exempt from federal income taxation pursuant to  
39 section 501(c)(3) of the federal internal revenue code of 1986, and which  
40 such property and services are used for the purpose of providing  
41 emergency shelter and treatment for abused and neglected children as well  
42 as meeting additional critical needs for children, juveniles and family, and  
43 all sales of any such property by or on behalf of charitable family

1 providers for any such purpose; and all sales of tangible personal property  
2 or services purchased by a contractor for the purpose of constructing,  
3 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
4 the operation of services for charitable family providers for any such  
5 purpose which would be exempt from taxation under the provisions of this  
6 section if purchased directly by charitable family providers. Nothing in  
7 this subsection shall be deemed to exempt the purchase of any construction  
8 machinery, equipment or tools used in the constructing, maintaining,  
9 repairing, enlarging, furnishing or remodeling such facilities for charitable  
10 family providers. When charitable family providers contracts for the  
11 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
12 remodeling such facilities, it shall obtain from the state and furnish to the  
13 contractor an exemption certificate for the project involved, and the  
14 contractor may purchase materials for incorporation in such project. The  
15 contractor shall furnish the number of such certificate to all suppliers from  
16 whom such purchases are made, and such suppliers shall execute invoices  
17 covering the same bearing the number of such certificate. Upon  
18 completion of the project the contractor shall furnish to charitable family  
19 providers a sworn statement, on a form to be provided by the director of  
20 taxation, that all purchases so made were entitled to exemption under this  
21 subsection. All invoices shall be held by the contractor for a period of five  
22 years and shall be subject to audit by the director of taxation. If any  
23 materials purchased under such a certificate are found not to have been  
24 incorporated in the building or other project or not to have been returned  
25 for credit or the sales or compensating tax otherwise imposed upon such  
26 materials that will not be so incorporated in the building or other project  
27 reported and paid by such contractor to the director of taxation not later  
28 than the 20<sup>th</sup> day of the month following the close of the month in which it  
29 shall be determined that such materials will not be used for the purpose for  
30 which such certificate was issued, charitable family providers shall be  
31 liable for tax on all materials purchased for the project, and upon payment  
32 thereof it may recover the same from the contractor together with  
33 reasonable attorney fees. Any contractor or any agent, employee or  
34 subcontractor thereof, who shall use or otherwise dispose of any materials  
35 purchased under such a certificate for any purpose other than that for  
36 which such a certificate is issued without the payment of the sales or  
37 compensating tax otherwise imposed upon such materials, shall be guilty  
38 of a misdemeanor and, upon conviction therefor, shall be subject to the  
39 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

40 (ttt) all sales of tangible personal property or services purchased by a  
41 contractor for a project for the purpose of restoring, constructing,  
42 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
43 remodeling a home or facility owned by a nonprofit museum that has been

1 granted an exemption pursuant to subsection (qq), which such home or  
2 facility is located in a city that has been designated as a qualified  
3 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
4 amendments thereto, and which such project is related to the purposes of  
5 K.S.A. 75-5071 et seq., and amendments thereto, and that would be  
6 exempt from taxation under the provisions of this section if purchased  
7 directly by such nonprofit museum. Nothing in this subsection shall be  
8 deemed to exempt the purchase of any construction machinery, equipment  
9 or tools used in the restoring, constructing, equipping, reconstructing,  
10 maintaining, repairing, enlarging, furnishing or remodeling a home or  
11 facility for any such nonprofit museum. When any such nonprofit museum  
12 shall contract for the purpose of restoring, constructing, equipping,  
13 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
14 a home or facility, it shall obtain from the state and furnish to the  
15 contractor an exemption certificate for the project involved, and the  
16 contractor may purchase materials for incorporation in such project. The  
17 contractor shall furnish the number of such certificates to all suppliers  
18 from whom such purchases are made, and such suppliers shall execute  
19 invoices covering the same bearing the number of such certificate. Upon  
20 completion of the project, the contractor shall furnish to such nonprofit  
21 museum a sworn statement on a form to be provided by the director of  
22 taxation that all purchases so made were entitled to exemption under this  
23 subsection. All invoices shall be held by the contractor for a period of five  
24 years and shall be subject to audit by the director of taxation. If any  
25 materials purchased under such a certificate are found not to have been  
26 incorporated in the building or other project or not to have been returned  
27 for credit or the sales or compensating tax otherwise imposed upon such  
28 materials that will not be so incorporated in a home or facility or other  
29 project reported and paid by such contractor to the director of taxation not  
30 later than the 20<sup>th</sup> day of the month following the close of the month in  
31 which it shall be determined that such materials will not be used for the  
32 purpose for which such certificate was issued, such nonprofit museum  
33 shall be liable for tax on all materials purchased for the project, and upon  
34 payment thereof it may recover the same from the contractor together with  
35 reasonable attorney fees. Any contractor or any agent, employee or  
36 subcontractor thereof, who shall use or otherwise dispose of any materials  
37 purchased under such a certificate for any purpose other than that for  
38 which such a certificate is issued without the payment of the sales or  
39 compensating tax otherwise imposed upon such materials, shall be guilty  
40 of a misdemeanor and, upon conviction therefor, shall be subject to the  
41 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;  
42 (uuu) all sales of tangible personal property and services purchased  
43 by Kansas children's service league, hereinafter referred to as KCSL,

1 which is exempt from federal income taxation pursuant to section 501(c)  
2 (3) of the federal internal revenue code of 1986, and which such property  
3 and services are used for the purpose of providing for the prevention and  
4 treatment of child abuse and maltreatment as well as meeting additional  
5 critical needs for children, juveniles and family, and all sales of any such  
6 property by or on behalf of KCSL for any such purpose; and all sales of  
7 tangible personal property or services purchased by a contractor for the  
8 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
9 remodeling facilities for the operation of services for KCSL for any such  
10 purpose that would be exempt from taxation under the provisions of this  
11 section if purchased directly by KCSL. Nothing in this subsection shall be  
12 deemed to exempt the purchase of any construction machinery, equipment  
13 or tools used in the constructing, maintaining, repairing, enlarging,  
14 furnishing or remodeling such facilities for KCSL. When KCSL contracts  
15 for the purpose of constructing, maintaining, repairing, enlarging,  
16 furnishing or remodeling such facilities, it shall obtain from the state and  
17 furnish to the contractor an exemption certificate for the project involved,  
18 and the contractor may purchase materials for incorporation in such  
19 project. The contractor shall furnish the number of such certificate to all  
20 suppliers from whom such purchases are made, and such suppliers shall  
21 execute invoices covering the same bearing the number of such certificate.  
22 Upon completion of the project the contractor shall furnish to KCSL a  
23 sworn statement, on a form to be provided by the director of taxation, that  
24 all purchases so made were entitled to exemption under this subsection.  
25 All invoices shall be held by the contractor for a period of five years and  
26 shall be subject to audit by the director of taxation. If any materials  
27 purchased under such a certificate are found not to have been incorporated  
28 in the building or other project or not to have been returned for credit or  
29 the sales or compensating tax otherwise imposed upon such materials that  
30 will not be so incorporated in the building or other project reported and  
31 paid by such contractor to the director of taxation not later than the 20<sup>th</sup>  
32 day of the month following the close of the month in which it shall be  
33 determined that such materials will not be used for the purpose for which  
34 such certificate was issued, KCSL shall be liable for tax on all materials  
35 purchased for the project, and upon payment thereof it may recover the  
36 same from the contractor together with reasonable attorney fees. Any  
37 contractor or any agent, employee or subcontractor thereof, who shall use  
38 or otherwise dispose of any materials purchased under such a certificate  
39 for any purpose other than that for which such a certificate is issued  
40 without the payment of the sales or compensating tax otherwise imposed  
41 upon such materials, shall be guilty of a misdemeanor and, upon  
42 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
43 79-3615(h), and amendments thereto;

1 (vvv) all sales of tangible personal property or services, including the  
2 renting and leasing of tangible personal property or services, purchased by  
3 jazz in the woods, inc., a Kansas corporation that is exempt from federal  
4 income taxation pursuant to section 501(c)(3) of the federal internal  
5 revenue code, for the purpose of providing jazz in the woods, an event  
6 benefiting children-in-need and other nonprofit charities assisting such  
7 children, and all sales of any such property by or on behalf of such  
8 organization for such purpose;

9 (www) all sales of tangible personal property purchased by or on  
10 behalf of the Frontenac education foundation, which is exempt from  
11 federal income taxation pursuant to section 501(c)(3) of the federal  
12 internal revenue code, for the purpose of providing education support for  
13 students, and all sales of any such property by or on behalf of such  
14 organization for such purpose;

15 (xxx) all sales of personal property and services purchased by the  
16 booth theatre foundation, inc., an organization, which is exempt from  
17 federal income taxation pursuant to section 501(c)(3) of the federal  
18 internal revenue code of 1986, and which such personal property and  
19 services are used by any such organization in the constructing, equipping,  
20 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
21 of the booth theatre, and all sales of tangible personal property or services  
22 purchased by a contractor for the purpose of constructing, equipping,  
23 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
24 the booth theatre for such organization, that would be exempt from  
25 taxation under the provisions of this section if purchased directly by such  
26 organization. Nothing in this subsection shall be deemed to exempt the  
27 purchase of any construction machinery, equipment or tools used in the  
28 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
29 furnishing or remodeling facilities for any such organization. When any  
30 such organization shall contract for the purpose of constructing, equipping,  
31 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
32 facilities, it shall obtain from the state and furnish to the contractor an  
33 exemption certificate for the project involved, and the contractor may  
34 purchase materials for incorporation in such project. The contractor shall  
35 furnish the number of such certificate to all suppliers from whom such  
36 purchases are made, and such suppliers shall execute invoices covering the  
37 same bearing the number of such certificate. Upon completion of the  
38 project the contractor shall furnish to such organization concerned a sworn  
39 statement, on a form to be provided by the director of taxation, that all  
40 purchases so made were entitled to exemption under this subsection. All  
41 invoices shall be held by the contractor for a period of five years and shall  
42 be subject to audit by the director of taxation. If any materials purchased  
43 under such a certificate are found not to have been incorporated in such



1 facilities or not to have been returned for credit or the sales or  
2 compensating tax otherwise imposed upon such materials that will not be  
3 so incorporated in such facilities reported and paid by such contractor to  
4 the director of taxation not later than the 20<sup>th</sup> day of the month following  
5 the close of the month in which it shall be determined that such materials  
6 will not be used for the purpose for which such certificate was issued, such  
7 organization concerned shall be liable for tax on all materials purchased  
8 for the project, and upon payment thereof it may recover the same from  
9 the contractor together with reasonable attorney fees. Any contractor or  
10 any agent, employee or subcontractor thereof, who shall use or otherwise  
11 dispose of any materials purchased under such a certificate for any purpose  
12 other than that for which such a certificate is issued without the payment  
13 of the sales or compensating tax otherwise imposed upon such materials,  
14 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
15 subject to the penalties provided for in K.S.A. 79-3615(h), and  
16 amendments thereto. Sales tax paid on and after January 1, 2007, but prior  
17 to the effective date of this act upon the gross receipts received from any  
18 sale which would have been exempted by the provisions of this subsection  
19 had such sale occurred after the effective date of this act shall be refunded.  
20 Each claim for a sales tax refund shall be verified and submitted to the  
21 director of taxation upon forms furnished by the director and shall be  
22 accompanied by any additional documentation required by the director.  
23 The director shall review each claim and shall refund that amount of sales  
24 tax paid as determined under the provisions of this subsection. All refunds  
25 shall be paid from the sales tax refund fund upon warrants of the director  
26 of accounts and reports pursuant to vouchers approved by the director or  
27 the director's designee;

28 (yyy) all sales of tangible personal property and services purchased  
29 by TLC charities foundation, inc., hereinafter referred to as TLC charities,  
30 which is exempt from federal income taxation pursuant to section 501(c)  
31 (3) of the federal internal revenue code of 1986, and which such property  
32 and services are used for the purpose of encouraging private philanthropy  
33 to further the vision, values, and goals of TLC for children and families,  
34 inc.; and all sales of such property and services by or on behalf of TLC  
35 charities for any such purpose and all sales of tangible personal property or  
36 services purchased by a contractor for the purpose of constructing,  
37 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
38 the operation of services for TLC charities for any such purpose that would  
39 be exempt from taxation under the provisions of this section if purchased  
40 directly by TLC charities. Nothing in this subsection shall be deemed to  
41 exempt the purchase of any construction machinery, equipment or tools  
42 used in the constructing, maintaining, repairing, enlarging, furnishing or  
43 remodeling such facilities for TLC charities. When TLC charities contracts

1 for the purpose of constructing, maintaining, repairing, enlarging,  
2 furnishing or remodeling such facilities, it shall obtain from the state and  
3 furnish to the contractor an exemption certificate for the project involved,  
4 and the contractor may purchase materials for incorporation in such  
5 project. The contractor shall furnish the number of such certificate to all  
6 suppliers from whom such purchases are made, and such suppliers shall  
7 execute invoices covering the same bearing the number of such certificate.  
8 Upon completion of the project the contractor shall furnish to TLC  
9 charities a sworn statement, on a form to be provided by the director of  
10 taxation, that all purchases so made were entitled to exemption under this  
11 subsection. All invoices shall be held by the contractor for a period of five  
12 years and shall be subject to audit by the director of taxation. If any  
13 materials purchased under such a certificate are found not to have been  
14 incorporated in the building or other project or not to have been returned  
15 for credit or the sales or compensating tax otherwise imposed upon such  
16 materials that will not be incorporated into the building or other project  
17 reported and paid by such contractor to the director of taxation not later  
18 than the 20<sup>th</sup> day of the month following the close of the month in which it  
19 shall be determined that such materials will not be used for the purpose for  
20 which such certificate was issued, TLC charities shall be liable for tax on  
21 all materials purchased for the project, and upon payment thereof it may  
22 recover the same from the contractor together with reasonable attorney  
23 fees. Any contractor or any agent, employee or subcontractor thereof, who  
24 shall use or otherwise dispose of any materials purchased under such a  
25 certificate for any purpose other than that for which such a certificate is  
26 issued without the payment of the sales or compensating tax otherwise  
27 imposed upon such materials, shall be guilty of a misdemeanor and, upon  
28 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
29 79-3615(h), and amendments thereto;

30 (zzz) all sales of tangible personal property purchased by the rotary  
31 club of shawnee foundation, which is exempt from federal income taxation  
32 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
33 as amended, used for the purpose of providing contributions to community  
34 service organizations and scholarships;

35 (aaaa) all sales of personal property and services purchased by or on  
36 behalf of victory in the valley, inc., which is exempt from federal income  
37 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
38 for the purpose of providing a cancer support group and services for  
39 persons with cancer, and all sales of any such property by or on behalf of  
40 any such organization for any such purpose;

41 (bbbb) all sales of entry or participation fees, charges or tickets by  
42 Guadalupe health foundation, which is exempt from federal income  
43 taxation pursuant to section 501(c)(3) of the federal internal revenue code,

1 for such organization's annual fundraising event which purpose is to  
2 provide health care services for uninsured workers;

3 (cccc) all sales of tangible personal property or services purchased by  
4 or on behalf of wayside waifs, inc., which is exempt from federal income  
5 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
6 for the purpose of providing such organization's annual fundraiser, an  
7 event whose purpose is to support the care of homeless and abandoned  
8 animals, animal adoption efforts, education programs for children and  
9 efforts to reduce animal over-population and animal welfare services, and  
10 all sales of any such property, including entry or participation fees or  
11 charges, by or on behalf of such organization for such purpose;

12 (dddd) all sales of tangible personal property or services purchased  
13 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both  
14 of which are exempt from federal income taxation pursuant to section  
15 501(c)(3) of the federal internal revenue code, for the purpose of providing  
16 education, training and employment opportunities for people with  
17 disabilities and other barriers to employment;

18 (eeee) all sales of tangible personal property or services purchased by  
19 or on behalf of all American beef battalion, inc., which is exempt from  
20 federal income taxation pursuant to section 501(c)(3) of the federal  
21 internal revenue code, for the purpose of educating, promoting and  
22 participating as a contact group through the beef cattle industry in order to  
23 carry out such projects that provide support and morale to members of the  
24 United States armed forces and military services;

25 (ffff) all sales of tangible personal property and services purchased by  
26 sheltered living, inc., which is exempt from federal income taxation  
27 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
28 and which such property and services are used for the purpose of  
29 providing residential and day services for people with developmental  
30 disabilities or intellectual disability, or both, and all sales of any such  
31 property by or on behalf of sheltered living, inc., for any such purpose; and  
32 all sales of tangible personal property or services purchased by a  
33 contractor for the purpose of rehabilitating, constructing, maintaining,  
34 repairing, enlarging, furnishing or remodeling homes and facilities for  
35 sheltered living, inc., for any such purpose that would be exempt from  
36 taxation under the provisions of this section if purchased directly by  
37 sheltered living, inc. Nothing in this subsection shall be deemed to exempt  
38 the purchase of any construction machinery, equipment or tools used in the  
39 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
40 such homes and facilities for sheltered living, inc. When sheltered living,  
41 inc., contracts for the purpose of rehabilitating, constructing, maintaining,  
42 repairing, enlarging, furnishing or remodeling such homes and facilities, it  
43 shall obtain from the state and furnish to the contractor an exemption

1 certificate for the project involved, and the contractor may purchase  
2 materials for incorporation in such project. The contractor shall furnish the  
3 number of such certificate to all suppliers from whom such purchases are  
4 made, and such suppliers shall execute invoices covering the same bearing  
5 the number of such certificate. Upon completion of the project the  
6 contractor shall furnish to sheltered living, inc., a sworn statement, on a  
7 form to be provided by the director of taxation, that all purchases so made  
8 were entitled to exemption under this subsection. All invoices shall be held  
9 by the contractor for a period of five years and shall be subject to audit by  
10 the director of taxation. If any materials purchased under such a certificate  
11 are found not to have been incorporated in the building or other project or  
12 not to have been returned for credit or the sales or compensating tax  
13 otherwise imposed upon such materials that will not be so incorporated in  
14 the building or other project reported and paid by such contractor to the  
15 director of taxation not later than the 20<sup>th</sup> day of the month following the  
16 close of the month in which it shall be determined that such materials will  
17 not be used for the purpose for which such certificate was issued, sheltered  
18 living, inc., shall be liable for tax on all materials purchased for the  
19 project, and upon payment thereof it may recover the same from the  
20 contractor together with reasonable attorney fees. Any contractor or any  
21 agent, employee or subcontractor thereof, who shall use or otherwise  
22 dispose of any materials purchased under such a certificate for any purpose  
23 other than that for which such a certificate is issued without the payment  
24 of the sales or compensating tax otherwise imposed upon such materials,  
25 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
26 subject to the penalties provided for in K.S.A. 79-3615(h), and  
27 amendments thereto;

28 (gggg) all sales of game birds for which the primary purpose is use in  
29 hunting;

30 (hhhh) all sales of tangible personal property or services purchased  
31 on or after July 1, 2014, for the purpose of and in conjunction with  
32 constructing, reconstructing, enlarging or remodeling a business identified  
33 under the North American industry classification system (NAICS)  
34 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and  
35 installation of machinery and equipment purchased for installation at any  
36 such business. The exemption provided in this subsection shall not apply  
37 to projects that have actual total costs less than \$50,000. When a person  
38 contracts for the construction, reconstruction, enlargement or remodeling  
39 of any such business, such person shall obtain from the state and furnish to  
40 the contractor an exemption certificate for the project involved, and the  
41 contractor may purchase materials, machinery and equipment for  
42 incorporation in such project. The contractor shall furnish the number of  
43 such certificates to all suppliers from whom such purchases are made, and

1 such suppliers shall execute invoices covering the same bearing the  
2 number of such certificate. Upon completion of the project, the contractor  
3 shall furnish to the owner of the business a sworn statement, on a form to  
4 be provided by the director of taxation, that all purchases so made were  
5 entitled to exemption under this subsection. All invoices shall be held by  
6 the contractor for a period of five years and shall be subject to audit by the  
7 director of taxation. Any contractor or any agent, employee or  
8 subcontractor of the contractor, who shall use or otherwise dispose of any  
9 materials, machinery or equipment purchased under such a certificate for  
10 any purpose other than that for which such a certificate is issued without  
11 the payment of the sales or compensating tax otherwise imposed thereon,  
12 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
13 subject to the penalties provided for in K.S.A. 79-3615(h), and  
14 amendments thereto;

15 (iii) all sales of tangible personal property or services purchased by a  
16 contractor for the purpose of constructing, maintaining, repairing,  
17 enlarging, furnishing or remodeling facilities for the operation of services  
18 for Wichita children's home for any such purpose that would be exempt  
19 from taxation under the provisions of this section if purchased directly by  
20 Wichita children's home. Nothing in this subsection shall be deemed to  
21 exempt the purchase of any construction machinery, equipment or tools  
22 used in the constructing, maintaining, repairing, enlarging, furnishing or  
23 remodeling such facilities for Wichita children's home. When Wichita  
24 children's home contracts for the purpose of constructing, maintaining,  
25 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain  
26 from the state and furnish to the contractor an exemption certificate for the  
27 project involved, and the contractor may purchase materials for  
28 incorporation in such project. The contractor shall furnish the number of  
29 such certificate to all suppliers from whom such purchases are made, and  
30 such suppliers shall execute invoices covering the same bearing the  
31 number of such certificate. Upon completion of the project, the contractor  
32 shall furnish to Wichita children's home a sworn statement, on a form to be  
33 provided by the director of taxation, that all purchases so made were  
34 entitled to exemption under this subsection. All invoices shall be held by  
35 the contractor for a period of five years and shall be subject to audit by the  
36 director of taxation. If any materials purchased under such a certificate are  
37 found not to have been incorporated in the building or other project or not  
38 to have been returned for credit or the sales or compensating tax otherwise  
39 imposed upon such materials that will not be so incorporated in the  
40 building or other project reported and paid by such contractor to the  
41 director of taxation not later than the 20<sup>th</sup> day of the month following the  
42 close of the month in which it shall be determined that such materials will  
43 not be used for the purpose for which such certificate was issued, Wichita

1 children's home shall be liable for the tax on all materials purchased for the  
2 project, and upon payment, it may recover the same from the contractor  
3 together with reasonable attorney fees. Any contractor or any agent,  
4 employee or subcontractor, who shall use or otherwise dispose of any  
5 materials purchased under such a certificate for any purpose other than that  
6 for which such a certificate is issued without the payment of the sales or  
7 compensating tax otherwise imposed upon such materials, shall be guilty  
8 of a misdemeanor and, upon conviction, shall be subject to the penalties  
9 provided for in K.S.A. 79-3615(h), and amendments thereto;

10 (jjjj) all sales of tangible personal property or services purchased by  
11 or on behalf of the beacon, inc., that is exempt from federal income  
12 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
13 for the purpose of providing those desiring help with food, shelter, clothing  
14 and other necessities of life during times of special need;

15 (kkkk) all sales of tangible personal property and services purchased  
16 by or on behalf of reaching out from within, inc., which is exempt from  
17 federal income taxation pursuant to section 501(c)(3) of the federal  
18 internal revenue code, for the purpose of sponsoring self-help programs for  
19 incarcerated persons that will enable such incarcerated persons to become  
20 role models for non-violence while in correctional facilities and productive  
21 family members and citizens upon return to the community; and

22 (llll) all sales of tangible personal property and services purchased by  
23 Gove county healthcare endowment foundation, inc., which is exempt  
24 from federal income taxation pursuant to section 501(c)(3) of the federal  
25 internal revenue code of 1986, and which such property and services are  
26 used for the purpose of constructing and equipping an airport in Quinter,  
27 Kansas, and all sales of tangible personal property or services purchased  
28 by a contractor for the purpose of constructing and equipping an airport in  
29 Quinter, Kansas, for such organization, that would be exempt from  
30 taxation under the provisions of this section if purchased directly by such  
31 organization. Nothing in this subsection shall be deemed to exempt the  
32 purchase of any construction machinery, equipment or tools used in the  
33 constructing or equipping of facilities for such organization. When such  
34 organization shall contract for the purpose of constructing or equipping an  
35 airport in Quinter, Kansas, it shall obtain from the state and furnish to the  
36 contractor an exemption certificate for the project involved, and the  
37 contractor may purchase materials for incorporation in such project. The  
38 contractor shall furnish the number of such certificate to all suppliers from  
39 whom such purchases are made, and such suppliers shall execute invoices  
40 covering the same bearing the number of such certificate. Upon  
41 completion of the project, the contractor shall furnish to such organization  
42 concerned a sworn statement, on a form to be provided by the director of  
43 taxation, that all purchases so made were entitled to exemption under this

1 subsection. All invoices shall be held by the contractor for a period of five  
2 years and shall be subject to audit by the director of taxation. If any  
3 materials purchased under such a certificate are found not to have been  
4 incorporated in such facilities or not to have been returned for credit or the  
5 sales or compensating tax otherwise imposed upon such materials that will  
6 not be so incorporated in such facilities reported and paid by such  
7 contractor to the director of taxation no later than the 20<sup>th</sup> day of the month  
8 following the close of the month in which it shall be determined that such  
9 materials will not be used for the purpose for which such certificate was  
10 issued, such organization concerned shall be liable for tax on all materials  
11 purchased for the project, and upon payment thereof it may recover the  
12 same from the contractor together with reasonable attorney fees. Any  
13 contractor or any agent, employee or subcontractor thereof, who purchased  
14 under such a certificate for any purpose other than that for which such a  
15 certificate is issued without the payment of the sales or compensating tax  
16 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
17 and, upon conviction therefor, shall be subject to the penalties provided for  
18 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this  
19 subsection shall expire and have no effect on and after July 1, 2019.

20 Sec. 3. K.S.A. 2018 Supp. 79-3602 and 79-3606 are hereby repealed.

21 Sec. 4. This act shall take effect and be in force from and after its  
22 publication in the statute book.